

ord close



**Bosnia-Herzegovina**  
Only Clinton can  
stop the Serbs  
Joe Rogey, Page 12



**ABB**  
Eastern Europe  
Western industry faces  
a clash of cultures  
Page 13



**Italy decides**  
A rainbow of  
referendums  
Page 3



**Tomorrow's Weekend FT**  
Chorus of approval  
for Covent Garden

# FINANCIAL TIMES

Europe's Business Newspaper

FRIDAY APRIL 16 1993

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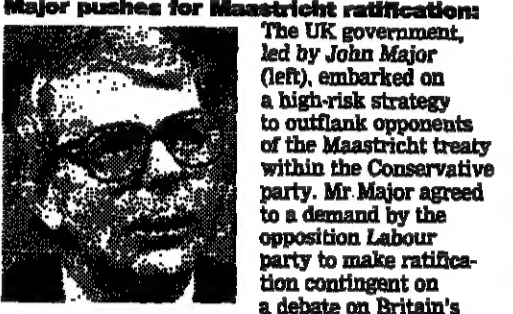
## KIO launches writs in effort to recover \$500m

The Kuwait Investment Office, the external investment arm of the Kuwaiti government, launched writs in the UK seeking recovery of more than \$500m. The KIO alleges the money was misappropriated from Grupo Torras, its Spanish business now in receivership, and a London offshoot, Torras Hostench London. The writs come after KIO's failure to persuade Spanish courts to begin criminal proceedings. Page 16

USAir is continuing efforts to improve its balance sheet with an offering of up to \$200m-worth of ordinary shares. The US airline, in which British Airways invested \$300m earlier this year, plans to sell 10m new shares. Page 16

Rodney King verdict awaited: Jurors resumed deliberations in the trial of four Los Angeles police officers charged with beating black driver Rodney King. Fears that the illness of a juror might delay the trial proved unfounded. Page 6

Forté, hotel and restaurants group, cut its dividend for the first time in 30 years as it warned there were few signs of recovery and announced a reduction in US operations. Forté reported annual pre-tax profits of £164m (\$246m) against a restated \$56m last time. Page 15; Lex, Page 14



**Major pushes for Maastricht ratification**  
The UK government, led by John Major (left), embarked on a high-risk strategy to outflank opponents of the Maastricht treaty within the Conservative party. Mr Major agreed to a demand by the opposition Labour party to make ratification contingent on a debate on Britain's opt-out from the social chapter. The move could mark a breakthrough in the prime minister's 18-month battle to secure ratification. Page 14

**Banks may sell O&Y stakes:** An international group of banks is examining ways to dispose of the majority shareholdings, worth more than \$1bn (US\$750m), which it controls in Abitibi-Price and Gulf Canada Resources, both nominally owned by Olympia & York. Page 16

**SA death toll reaches 17:** The death toll from Wednesday's South African protest against the assassination of ANC leader Chris Hani rose to 17 after 11 people were massacred in Natal province. Page 14

**J.P. Morgan, New York banking group,** reported strong first-quarter earnings - up to \$432m from \$364m a year ago - after a rebound in trading profits and healthy underwriting revenues. Page 17

**Indian business applauds reformer** Indian industrialists welcomed government moves to liberalise investment in the motor, white goods and leather industries - a significant extension of attempts to deregulate the economy. Page 5

**US may shift on biodiversity:** The US may back the biodiversity convention, which it refused to sign at last year's Rio Earth Summit, when President Bill Clinton delivers a speech on environmental policy, expected next week. Page 6

**Vietnam oil deal:** A consortium led by Australia's BHP Petroleum signed contracts to exploit Vietnam's Dai Hung (Big Bear) oil field worth \$1.5bn over 20 years. Page 5

**Iva, Italian steel group,** outlined long-awaited restructuring plans to lower its debts and restore earnings. Page 16

**Upturn in UK housing market:** Firm evidence of an improvement in the housing market emerged from real estate agents, adding weight to the belief that Britain may be slowly emerging from recession. Page 7

**Matsushita downgraded:** Moody's has downgraded the long-term debt ratings of Matsushita Electric Industrial from triple-A to Aaa, reflecting concern over its core consumer electronics business. Page 18

**German arsonists sentenced:** A Rostock court sentenced three right-wing extremists to jail terms of two to three years for firebombing a hostel for Romanian gypsies last August. The sentence on one was suspended.

**Bid talk boosts Petrofina:** Shares in Petrofina, Belgian oil and gas company, rose 6 per cent in heavy trading on the Brussels bourse, amid speculation about a takeover, with Elf-Aquitaine as a possible suitor. Page 16

**STOCK MARKET INDICES**  
FT-SE 100: 2888.7 (-2.4)  
Yield: 4.01  
FT-SE Eurostoxx 100: 1158.40 (-4.23)  
FT-AAP-Share: 1392.08 (-0.12)  
Nikkei: 20,675.84 (+142.28)  
New York Composite: 3439.44 (-18.20)  
Dow Jones Ind Ave: 3439.44 (-18.20)  
S&P Composite: 446.53 (-2.13)

**US LUNCHTIME RATES**  
Federal Funds: 3 1/4%  
3-mo Treas Bill: 2.88%  
Long Bond: 10 1/4%  
Yield: 8.757%

**LONDON MONEY**  
3-mo interbank: 6% (Same)  
Life long gilt future: Jan 106 1/2 (Jan 106 1/2)  
**NORTH SEA OIL (Argus)**  
Brent 15-day (May): \$15.51 (18.94)  
**Gold**  
New York Comex June: \$338.3 (340.8)  
London: \$338.15 (338.2)  
Tokyo close ¥113.85

**STERLING**  
New York Lanchtime: 1.542  
London: 1.542 (1.522)  
DM: 2.4776 (2.47)  
FF: 5.4255 (5.3475)  
Sfr: 1.489 (1.477)  
£ Index: 89.8 (89.8)

**DOLLAR**  
New York Lanchtime: 1.542  
London: 1.542 (1.522)  
DM: 2.4776 (2.47)  
FF: 5.4255 (5.3475)  
Sfr: 1.489 (1.477)  
£ Index: 89.8 (89.8)

## Package is tied to continued reform and co-operation with west on foreign policy G7 backs Yeltsin with \$43bn in aid

By Charles Leadbeater and Robert Thomson in Tokyo

THE Group of Seven leading industrialised nations yesterday threw their weight behind President Boris Yeltsin and his economic reforms with a financial package worth \$43bn.

Although the bigger than expected package includes some existing commitments, it is explicitly tied to continued economic and political reform in Russia, strengthening Mr Yeltsin's hand against his opponents.

The G7 package is also tightly linked to continued Russian co-operation on foreign policy issues. It seeks particularly to ensure that Moscow does not to

stand in the way of western plans to implement tougher sanctions against Serbia in the bid to resolve the deepening crisis in former Yugoslavia.

"Russian reform and progress towards democratisation are essential to world peace," the G7 said. "We assure the Russian people of our support in coping with the inevitable hardships of the transition period."

Mr Warren Christopher, the US secretary of state, warned that the "world will be a considerably more dangerous place" if Mr Yeltsin and his reforms did not prevail. The package was "in no way a programme of charity", he said.

The latest effort by the G7 to prop up Mr Yeltsin came as the

Something old, something new for embattled Yeltsin...Page 4  
Tight rules set out for foreign banks...Page 4  
Editorial Comment...Page 13

Russian leader went on the offensive in Moscow in his efforts to win popular support for his presidency in a referendum on April 25.

He told supporters he would not obey the strict rules for the referendum set by his rivals in the Russian parliament and ordered a drastic cut in the privileges and duties of his rebellious vice-president General Alexander Rutskoi.

The bulk of the multilateral aid package comprises existing commitments of assistance from international financial institutions such as the World Bank and the International Monetary Fund, which have been brought together for the first time.

The main new ingredients are confirmation of an innovative \$3bn IMF loan facility which will be available in two tranches as Russia adopts policies designed to curb inflation and its budget deficit.

In addition there will be a \$300m small business development fund mainly financed by the European Bank for Reconstruction and Development. The EBRD will also prepare plans for a Russian bank for small business development.

The other main ingredients of the package are:

- A \$16bn debt rescheduling deal agreed by Russia's 19 creditor countries in Paris on April 2.
- About \$10bn in longer term loans from the IMF which were originally offered last year but not taken up by the Russians.
- The US, Japan and the UK between them made new bilateral pledges of aid worth more than \$4bn. Much of this is expected to form part of a commitment from G7 countries to provide export credits totalling about \$10bn.

Loans from the World Bank to restructure Russian industry worth about \$5bn, most of which will be made available over the next 15 months.

The ministers also agreed to study a US proposal for a \$4bn fund to promote the privatisation of large state run enterprises. US officials said they were not disappointed that the fund had not been agreed but they made it clear the US expects such a fund to be approved at the G7 heads of state summit due to be held in Tokyo in July.

Mr Boris Fyodorov, the Russian deputy prime minister who attended the two days of talks with G7 foreign and finance min-

Continued on Page 14

## Andreotti denies Mafia informants' allegations



Former Italian premier Giulio Andreotti, escorted by bodyguards, leaves the Rome senate committee hearing into allegations he had links with the Mafia. Mr Andreotti told the hearing that the accusations were "shameless lies". Earlier this month two Mafia informants told Sicilian magistrates in the US that Mr Andreotti had personally met Cosa Nostra godfathers and asked the Mafia to carry out two political murders.

Last month, Palermo magistrates asked the senate to lift the immunity from prosecution Mr Andreotti has as a life senator. They want him to face trial on charges of Mafia conspiracy.

## AT&T aims to move into UK telecom market

By Alan Cane in London

A MOVE BY America's largest telephone operator to challenge the two British operators on their home ground by offering international businesses their own private networks was yesterday welcomed by the British government.

The UK Department of Trade and Industry, which favours opening the country's £15bn (£22bn) telephone market to foreign competition, said that the move by American Telephone & Telegraph would be considered on its merits.

The AT&T application is in direct retaliation for an application by BT, the UK's largest operator, to the US Federal Communications Commission for a licence enabling it to sell international customers a broad range of voice, data and video services.

The UK company yesterday said it welcomed AT&T's application and the prospect of competition, but argued that its success should be dependent on the success of its own application to the FCC.

Mercury Communications' response, however, reflected its difficulties in negotiating access to BT's UK network. The UK's other licensed carrier said it welcomed AT&T's recognition that BT's dominance of the local distribution of telephone calls was the main bottleneck to the growth of effective competition in the UK.

AT&T's initial intention is to offer international business customers a range of services based on the resale of telephone lines purchased from BT or Mercury.

It made it clear, however, that the aim is eventually to compete comprehensively in the UK, selling services to both business and domestic customers and creating its own network. AT&T said it was aware its plans needed the approval of both the UK and US governments.

The DTI said yesterday that it welcomed the application as evidence that AT&T believed there were equivalent opportunities for UK companies in the UK as for UK telecommunications operators in the US.

Continued on Page 14  
Customers the winners, Page 7

## Major and Owen reject call to lift Bosnia arms embargo

By Robert Mauthner

MR JOHN MAJOR, the British prime minister, and Lord Owen, one of the international mediators for a peace agreement in Bosnia, yesterday rejected suggestions that supplying arms to the Moslems would help resolve the year-old conflict there.

Mr Major, answering a parliamentary question, said the weapons flow to all sides should be cut off rather than increased.

The US has said that a partial lifting of the UN arms ban to help the Moslems defend themselves against Serb attacks was under consideration to put pressure on the Bosnian Serbs to sign the peace plan drawn up by Mr Cyrus Vance and Lord Owen.

The public endorsement of such a step earlier this week by the former British prime minister, Lady Thatcher, has provoked a passionate political debate in Britain about the need for the international community to take more decisive action to stop Serb aggression in Bosnia.

"The whole European Community takes the view that lifting the arms embargo is not the right priority at this stage and that the fundamental thing is tightening sanctions" against the rump Yugoslav federation of Serbia and Montenegro, Lord Owen said in a BBC radio interview.

Speaking after talks in London

with Mr Reginald Bartholomew, the US special envoy to the peace talks, Lord Owen said the danger of arming the Moslems was that it would unleash a sophisticated arms race, with the Russians supplying Serbia and Montenegro.

Mr Cedric Thornberry, deputy chief of the UN Protection Force mission in Zagreb, also said the lifting of the arms embargo was "not a very practical or useful idea. If you put more arms into Bosnia, you get more war."

The international mediators have always believed Serbian president Slobodan Milosevic can play a key role in persuading the Bosnian Serbs to accept the plan, which only the Bosnian Croats and Moslems have signed.

At a 40-minute meeting later yesterday with Mr Douglas Hogg, a British Foreign Office minister, Mr Bartholomew was understood to have accepted that a decision to lift sanctions would inevitably increase the fighting in Bosnia and might well result in the suspension of the humanitarian relief operations.

He also conceded that it would be very difficult to get the Russians to approve a UN Security Council resolution to implement

such a step. But the US envoy assured Mr Hogg that the lifting of sanctions was not an immediate issue and would only be considered if tighter sanctions failed to work.

Mr Bartholomew, who later had talks with Mr Malcolm Rifkind, the defence secretary, and Mr Hogg agreed that everything possible should be done to ensure that a resolution to tighten economic sanctions against Serbia should be pushed through the Security Council later this month, if the Bosnian Serbs had still not signed the Vance-Owen plan by then.

Laura Silber adds from Belgrade: In Srebrenica, the besieged Moslem enclave in eastern Bosnia, local authorities refused to allow the evacuation of refugees unless the UN provided helicopters for some 500 wounded. A spokeswoman for the UN High Commissioner of Refugees said a relief convoy was allowed to evacuate only five elderly women.

Meanwhile, Serb forces tightened their stranglehold on the town and were reported to be within range of small arms fire.

Elsewhere, Bosnia's Croat forces sealed off key towns in Bosnia-Herzegovina with the aim of forcing Moslem troops to withdraw from provinces designated for Croat control under the Vance-Owen plan.

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# UK currency support plan set for veto

By Peter Marsh, Economics Correspondent

PROPOSALS by Britain to increase support for weak currencies in the European exchange rate mechanism seem likely to be vetoed by other countries in a move which could add a further barrier to the UK's eventual re-entry into the system.

The suggestion was made during discussions by the European Community's committee of central bank governors. The group is meeting early next week in Basel, Switzerland, to finalise a report on possible ERM reforms.

Under the UK's proposal, weak currencies in the system could be helped by joint efforts by several ERM countries, rather than the single country with the strongest currency.

These technical moves would be a mixture of both interventions on currency markets and changes in interest rates. Profits and losses on purchases of weak currencies to increase their value would be shared by all the nations in the system.

The UK suggestion, which comes close to following a policy idea from the opposition Labour party, has received only limited support from the other 11 nations represented on the governors' committee.

One objection, voiced in particular by the German Bundesbank, is that the proposal might reduce the pressures on countries with weak currencies to devalue in order to remove currency strains.

However, some support for the concept of sharing out the burden of supporting weak currencies is believed to have come from nations such as Spain, Portugal and Ireland. These countries in recent months have been forced to

devalue their currencies during spells of market turbulence.

Britain's proposal was made during recent debate about possible changes to the ERM in the light of last autumn's crisis on financial markets which forced both sterling and the Italian lira out of the system.

The UK has made clear that it wants changes to so-called "fault lines" in the ERM as a condition for possible re-entry.

While the EC governors are close to finishing their report, a second document on possible changes to the system was fin-

## One objection is that the proposal might reduce the pressures to devalue

alised this week by the Community's monetary committee. This committee comprises officials from finance ministries as well as central banks. Both reports are to be presented to EC finance ministers at the end of May.

Britain's suggestion was made in part to answer criticisms from the Bundesbank that, under current ERM procedures, the country with the strongest currency in the system at one time is obliged to buy whichever currency is the weakest.

That arrangement is seen by some commentators as being unfair on the country with the strongest currency, which by buying weak ones inevitably makes an exchange rate loss.

# Heads may roll in Spanish companies

By Peter Bruce and Tom Burns in Madrid

SPAIN'S conservative opposition party, the Partido Popular, which is believed to be slightly ahead of the ruling Socialist party in opinion polls, is raising doubts about whether the chairmen of some of Spain's largest companies would keep their jobs if the PP won the general election on June 6.

The party has said it would leave until after the election any decision on the future shape of the boards of public and semi-public companies. The uncertainty could upset a partial privatisation programme of public companies drawn up by the Socialist government.

It includes flotations of shares in the Repsol oil and energy group, the sale of up to 24.9 per cent of Argenta, the state-owned banking group, and, possibly, a further reduction of the state's stake in the tobacco monopoly Tabacalera and Endesa, the electricity utility.

In the case of Repsol and Argenta, institutions leading the flotations have relied heavily on the experience and capabilities of their respective chairmen - Mr Oscar Panul and Mr Francisco Luzon, founding chiefs of the companies - to generate interest among foreign investors.

Both men are closely identified with the Socialist government, particularly the Finance Ministry. Repsol has just rushed through a flotation of

13 per cent of its stock. The state now owns 41 per cent of Repsol, and all of Argenta.

Argenta, which has just announced a pricing range for its flotation, could be particularly exposed by the timing of the election.

Asked how the boards of public and semi-public companies would not be affected by a PP victory in June, Mr Jose Maria Aznar, PP leader said earlier this week that "it is something I will decide after the election".

It is widely expected in Madrid that the PP would place people of its own choosing at the heads of companies that fall under government control. The Socialists did exactly that when they came to power in 1982 under Prime Minister Felipe Gonzalez.

Controlling these companies - especially those, such as Telefonica, Repsol and Endesa, whose stock trades in markets outside Spain - are regarded as part of the prize of winning an election.

Officials at groups such as Repsol and Argenta, say the loss of their chairmen would not necessarily affect the businesses, since both companies have in place strong management structures that would function whoever was in charge.

One leading broker in Madrid said yesterday: "Luzon is central to Argenta but the strategy has been laid down and a good replacement would surely continue with the group's growth."



A Serb soldier waits during sporadic fighting against Croatian forces near Benkovac in the UN-protected Serb enclave of Krajina

# Proposals for outside military intervention all have their risks

## No early end to bloodshed

By David White, Defence Correspondent

OUTSIDE military intervention to stop the bombardment of civilians in Bosnia is a daunting prospect for a number of reasons, but the sophistication of Bosnian Serb forces is certainly not among them.

Strong on heavy weapons but low on manpower, they have lacked the infantry strength for decisive territorial advances. Their numbers, reckoned to have shrunk in the past year, are put at 40,000-60,000, against about 40,000 Moslem and 45,000 Croat forces. Serb positions are stretched over a long front, with long lines of communications. The morale of the average soldier is questionable.

Western military experts see the evidence of high-quality officer training dwindling below senior levels. Local commanders are loosely controlled.

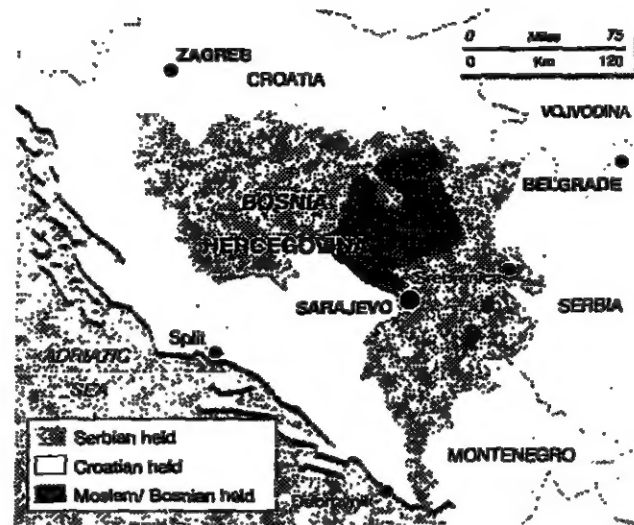
With crude siege tactics focusing on civilian targets, Serb units have generally had to do little but protect their gun positions. Their M84 tanks, versions of Russian T-72s, are employed less in their intended role than as artillery pieces. Using high positions, Serb gunners can maintain terror even with a low rate of fire.

This dismal picture fuels the widespread frustration felt by UN troops now involved in relief efforts. But none of the proposals for more forceful military engagement under UN authority promises an early end to the bloodshed.

The main proposals are: ● Tighter enforcement of sanctions. This is feasible but would not directly affect Serb forces' firepower. They have no shortage of weapons or munitions, even though parts of the former Yugoslav arms industry are in Moslem or Croat areas of Bosnia.

Current stockpiles are sufficient to sustain the war at least through this year - some experts say up to six years.

● Air strikes. Among others, Lord Owen, the EC mediator, has said air power should be considered as a means of pressure on the Serbs. However, the demonstration of western technology in the 1991 Gulf war has led to exaggerated



client to sustain the war at least through this year - some experts say up to six years. ● Air strikes. Among others, Lord Owen, the EC mediator, has said air power should be considered as a means of pressure on the Serbs. However, the demonstration of western technology in the 1991 Gulf war has led to exaggerated

prototypes of its J-STARS battlefield surveillance aircraft - militarised Boeing 707s with radars able to distinguish, for instance, between tracked vehicles and trucks. But experts believe back-up from ground forces would still be needed.

The risks are that air strikes would force the UN to call off

## Serb gunners can maintain terror even with a low rate of fire.

expectations. Conditions there were ideal: open country, good visibility, large targets, wide international backing. Bosnia presents a very different picture.

Strikes on artillery positions would destroy some weapons and force the Serbs to move others. But the wooded mountain terrain would make the identification of targets difficult. Munitions are not kept in huge dumps as they are in Iraq.

The US could press into service, as it did in the Gulf, the

humanitarian supply effort - which has arguably saved more lives than have been lost in the fighting - and would stiffen Serb determination.

Colonel Richard Connaughton, an expert in military intervention at Lancaster University's Centre for Defence and International Security Studies, says Serb forces would have the means to step up their attacks, making more use of mortars, which can easily be moved around. "The potential is there to be even more bloody."

# Delors welcome for Sweden

By Hugh Carnegie in Stockholm

MR Jacques Delors, the EC Commission president, said yesterday he was confident that Swedish entry to the European community would take place on schedule at the start of 1995.

But Mr Carl Bildt, the prime minister, said a decision would not be taken until "the latter part of this year" on when to hold a vital referendum on membership. With public opinion in Sweden running against membership and negotiations on entry facing difficult issues such as Stockholm's high agricultural subsidies, Mr Delors made a strong defence of the community in a speech to the Swedish parliament.

He played down local concerns that EC rules would slash subsidies to northern rural communities, saying Sweden's philosophy of helping poorer regions was exactly the same as the community's.

"We can assist remote regions in particular in a way no individual nation state can do," he said, adding that negotiations - begun in January along with Finland and Austria - were "progressing well".

At a press conference with Mr Bildt, Mr Delors, who will visit northern areas today, said: "I remain confident that it is possible to maintain the schedule and have practical entry to the Community at the beginning of 1995."

However, Mr Bildt struck a more cautious note. He said

Sweden's intention was to join by "roughly" January 1, 1995. But he would not say when a referendum would be held and added that no decision on the timing of a vote would be taken until late this year when the outcome of negotiations was clear.

If the original timetable for holding a referendum well in advance of the September 1994 general election slips, entry to the community could be delayed because of constitutional requirements that membership be ratified by two successive parliaments.

Mr Parvo Vayrynen, Finnish foreign minister, resigned yesterday to prepare his campaign as the Centre party's candidate for the presidential election next January.

# Armenians escape blame in Caucasus

By Judy Dempsey in Berlin

A UN report on the conflict in the Caucasus falls short of alleging Armenian government involvement in the latest fighting in Azerbaijan. Western diplomats say it is unlikely to lead to a binding Security Council resolution imposing sanctions on Armenia, reports John Murray Brown in Ankara.

The UN findings will come as a disappointment to Turkey, which has lobbied for UN action to stop the fighting as Azerbaijan claims Armenian forces have seized 10 per cent of its territory.

The Armenian government has denied that its forces are involved.



Mladic: seen as war criminal or "soldier's soldier"

# Mladic scorns western threats

By Laura Silber in Belgrade

GENERAL Ratko Mladic, the commander of Bosnian Serb forces, is untroubled by threats from the international community to punish Serbs for the war in Bosnia-Herzegovina.

Instead, he simply insists Serbs will never cave in to western demands. "They can negotiate everything with us but will never achieve anything through pressure," he said last week.

The stocky 51-year-old is a mass of contradictions. He had a reputation for brutality even before the war erupted in former Yugoslavia, and the US last year named him as a potential war criminal. But he has been described by some UN officials as a "soldier's soldier", while others view him as an intelligent officer and a skilled strategist.

Gen Mladic was born in Kalinovik, southern Bosnia, in the second world war. The death of his father, fighting with Tito's Communist partisans, appears to have instilled in his son a hatred for Germany.

When the war in Croatia erupted in 1991, Gen Mladic was transferred to Knin, the mountain stronghold of Croatia's rebel Serbs, where he was advised by his soldiers and the local population. A career officer in the Yugoslav People's Army, he was picked by Serbian President Slobodan Milosevic over the objections of senior officers. "He was intentionally installed by Milosevic to supervise the war in Bosnia," one diplomat says.

The Yugoslav army left most of its equipment and some 80,000 ethnic Serbs from Bosnia to form the Bosnian Serb army, under his command. It, however, was beset by a drain of manpower over the past year, one of the biggest military obstacles to achieving Serbian goals, according to Mr Aleksandar Vasic, a Bel-

grade military analyst. Last week's attack on Srebrenica, the eastern enclave, was described by the UN commander as an "atrocity". The attack came in spite of a promise by Gen Mladic that Serb forces around Srebrenica would not respond to "Moslem provocations".

He has called the onslaught "protection of Serbian villages under attack by Moslem soldiers." He has denied that Moslem villagers are starving. "They have plenty of food and what they lacked was delivered by the US air drops," he said. But last month he gave the go-ahead to evacuate women and children from Srebrenica.

Local Moslem authorities initially tried to stop the evacuation on the grounds that it was helping Serbs in their drive to expel all Moslems from eastern Bosnia. But Gen Mladic told Mr Laurens Jolles, a senior official of the UN High Commissioner for Refugees: "You should have come with 300 trucks, I am happy if they can all get out."

He allowed a single Moslem man pleading, "Sir, sir" to pass with the convoy of women and children. He said: "I am not Sir, I am General Mladic." He turned to Mr Jolles and said: "You see I've given this man back his life."

Says a senior UN official: "He is constantly contradicting himself. He can be extremely charming and extremely brutal."

When Gen Mladic is in an area, convoys pass through checkpoints without a hitch. UN officials and diplomats believe he is in control in spite of speculation to the contrary.

"The command and control structure in the Bosnian Serb forces is reasonably good," said the diplomat. "Although in the chaos of Bosnia, it would be a miracle if Mladic could make everything run like clock-work."

# IG Metall leaders to set strike date

By Judy Dempsey in Berlin

LEADERS of IG Metall, Germany's powerful engineering union, are to meet on Monday to decide the timing of an all-out strike in eastern Germany in support of pay increases.

Once the decision is made, the union will ballot its members in enterprises in the five eastern German states. All-out strikes will then take place if the union gets the support of 75 per cent of its members in any one company.

The steel employers' association Arbeitsgeberverband Stahl said yesterday that no talks were planned with IG Metall

before next Monday. A spokesman said he saw no room for compromise at the moment. "I think the union will strike for a few days, and having shown it can strike, it might return to the negotiating table."

The employers are recommending pay rises of 9 per cent this year, instead of the planned 26 per cent in the metal and electrical sectors, and 21 per cent in the steel sector in eastern Germany.

The planned pay rises were agreed in March 1991 as part of a move to raise pay in eastern Germany to west German levels, but employers withdrew them on the grounds that the economy has worsened.

# Chemical blending facilities wanted.

An international chemicals manufacturer in Asia is planning to enhance its presence in the European market.

The company requires facilities to blend and/or dissolve chemicals in water or solvents, for further distribution. Proximity to a major European port will be preferred.

The company is open to acquiring or leasing these facilities, or to setting up a joint venture with a chemical marketing organization.

Enquiries should be sent to Box A4753, Financial Times, One Southwark Bridge, London SE1 9HL

# East Europe looks askance at bank

But the Attali row is not top of the region's agenda, writes Judy Dempsey

THE amount of money disbursed by the EBRD compared with amounts it has spent on its staff and officials is just one of many financial issues preoccupying east European officials. But it is hardly top of their agenda.

"We are in the middle of debating the budget," one Bulgarian official said. "We are in the middle of what could be described as a kind of trade war," said a Hungarian official. He was referring to a one-month ban imposed by the European Community on some meat imports, provoking retaliatory action from east European countries. A Czech official said: "We are trying to get much closer to the Community. The EBRD is not what you call top of our agenda."

Despite these other concerns, several east European officials have reservations and anecdotes about the organisation of the EBRD.

"I'm not that surprised to read about the way the bank spends its money," one Bulgarian official said. "Look, I was told that when the bank set up its office in Sofia, it bought everything from abroad. It didn't even buy the nails from Bulgaria. If the bank wants to do business with us, why not at least make some sort of gesture?"

Another Bulgarian official remarked: "The nails came from Britain." He went on: "The other complaint we have about the bank is that it is too slow in investing in the private sector. The bank, until

recently, has supported big projects. But we are not looking for big loans. We want to build up small-scale industry. When we told the bank this, it said the people to implement these projects did not exist in Bulgaria. That's bullshit."

But he and other east European officials believe the bank has enough vision under Mr Jacques Attali to push through a plan drawn up by Mr Ronald Freeman, head of the bank's merchant banking division. "Mr Freeman's argument is that if the west is going to provide aid to Russia, why doesn't the west pay the countries of eastern Europe to supply the food, commodities and machinery," said an east European diplomat.

A senior Hungarian official said the bank had "done some good deals here. Not all are first class, but we are quite satisfied." Yet the official, in common with other officials from central Europe, admitted the bank was slow in disbursing money. "Since April 1991 until the end of last year, the bank has committed Ecu250m (€196m) for investment in 11 Hungarian enterprises. But only Ecu20m has been disbursed. The bank could be a lot faster. But we appreciate its efforts," another Hungarian official added.

"I suppose if you are going to criticise the bank, you should not raise the question of its survival. Instead, the issue of accountability should be raised - you know, making it more

open. Looking at how decisions are made. That sort of thing," she added. Similar views about slow disbursement and decisions were echoed by Czech and Polish officials. A Czech official wanted the bank to take more risks, despite the limitations of its mandate. A Polish official said: "Maybe the bank could be a bit more open."

But Mr Attali is open when it comes to getting invitations, says a diplomat. "Whenever there is a state visit or a prominent official coming to London, Mr Attali insists on getting invited to dinner or reception. He is very pushy and often very condescending to the east Europeans. But he has put eastern Europe high on the agenda."

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# Heading off into uncertainty

As the corruption scandal deepens, Italians vote on Sunday to consider the first steps to fundamental political reform. But the shape of this is unclear

As Italians prepare to vote on Sunday in their country's latest referendum, what was designed by its sponsors as a protest against the political establishment has turned into a much more confused affair.

Of the eight separate referendums, two in particular should have been barometers of the political mood in a country rocked by almost daily revelations of political corruption and, more recently, allegations of collusion between leading politicians and organised crime.

But since the proposal to reform the system for electing members of the Senate, the upper house of parliament, was first mooted by Mr Mario Segni, the breakaway Christian Democrat who has led the referendum movement, most of the main political parties have jumped on the reform bandwagon.

Similarly, every political group in parliament has endorsed the referendum calling for the abolition of state funding for parties. After the exposure of massive kickbacks to politicians on a stream of public-sector contracts in recent years, opposing the move would be little

more than political suicide. The alternative to the current system has not yet been outlined but will have to offer greater transparency and be more rigidly enforceable.

By contrast, some smaller political parties are calling on their supporters to oppose the call for electoral reform. Their arguments are based on principle, but with a strong element of self-preservation. Sunday's referendum only calls on voters to voice their opinion on replacing the electoral system in the Senate, the upper house of parliament. The present method, based on proportional representation, would make way for one whereby 333 of the 315 seats in the Senate would be elected by a majority vote. It is expected that backing for the change will oblige politicians to extend the reform to the Chamber of Deputies, the lower house.

Less certain is the type of major-

ity voting system politicians will prefer when it comes to approving a replacement. At present, a vigorous, and highly complex debate is raging between supporters of a British-style first-past-the-post system and a French-style second round run-off.

According to the opponents of change, shifting to an electoral system based on a majority vote will strengthen the position of established parties, such as the Christian Democrats, which have traditionally blocked change in Italy and which are now being revealed as deeply involved in the corruption scandals.

Hence opponents of the referen-

dum, such as La Rete, the small party headed by Mr Leoluca Orlando, the former mayor of Palermo, and a majority of the environmentalist Green lobby, say the call for electoral reform is counter-productive, as it will only enshrine the entrenched position of the bigger parties, while smaller groups militating for reform will be penalised in future polls.

The opponents of referendum say new elections should be held now, rather than waiting for a new system to be introduced by a parliament they claim largely composed of parties shown to be corrupt.

A sizeable Yes vote in favour of

reforming the electoral system and party financing is no longer in doubt after polling booths shut on Monday afternoon. What remains uncertain is how politicians react.

Before the parties backed the two main issues, it was widely expected that the "protest" registered by the referendum would trigger the formation of a new government. The latter, probably headed by an "institutional" figure such as the leader of the upper or lower house of parliament, would have remained in office just long enough to steer through electoral reform.

Once the changes were approved, it was assumed the caretaker gov-

ernment would call early elections, probably for September. That would allow voters to elect a parliament, based on the new rules, which would reflect popular opinion and be better placed to push through tough economic measures.

However, the prospect of an "institutional" post-referendum government has waned in recent weeks after growing signs of friction between the Christian Democrats, the biggest political party, and the Democratic Party of the Left (PDS), the former Communists.

Earlier this month, the two parties, which would form the main elements of an "institutional" post-referendum coalition, appeared unable to agree on sharing power. The likely price for support by the PDS - having the government led by Mr Giorgio Napolitano - appeared too high for the Christian Democrats. Mr Napolitano is the

leader of the Chamber of Deputies and a PDS politician. Meanwhile, the PDS appeared unwilling to back a more broadly-based government unless strongly reformed.

Given the impasse, it now looks more likely that Mr Giuliano Amato, the Socialist prime minister, will soldier on. It will be up to his tarnished coalition, which has seen the departure of five ministers on account of the corruption investigations, to see electoral reform through parliament and then prompt a formal government crisis which would trigger an early poll.

The Amato government could be "refreshed" after the referendum by a reshuffle, albeit one short of bringing in other parties to broaden its support. The present coalition is based on a flimsy 16-seat majority. Party leaders may also informally reconfirm their support for Mr Amato, who has regained some stature after backing an amnesty for politicians accused of taking bribes on behalf of their parties.

Haig Simonian

Haig Simonian on the leaders of the Yes and No campaigns

## Segni: the quiet Sardinian on a collision course

MR Mario Segni, the "quiet Sardinian" who is the figurehead of the referendum movement, is an unlikely candidate for the limelight. Though he is the son of a former president of Italy, early exposure to the world of politics has done nothing to alter the character of a profoundly shy man. He is the champion of using referendums to promote political change, but Mr Segni conforms closely to the popular image of the reticent Sardinian: saying little, thinking hard, and taking years to get to know properly.

His rise began two years ago, when he organised a referendum on abolishing the multiple preference ballot system in some elections, which was widely believed to be subject to abuse. Popular support for the initiative, in spite of the indifference or hostility of many established politicians, created a bandwagon effect in which Mr Segni helped to convince Italians they could change an ossified political system. This referendum movement has created an attraction for reform-minded politicians calling for more honest and transparent government.

But Mr Segni's belief in the need for radical reform in Italian politics, and his growing lack of faith in the willingness of the main governing parties to promote it, has taken him on an accelerating collision course with much of the political establishment.

Matters reached a head last month when Mr Segni announced he was leaving the Christian Democrat party, which he has represented as a Sardinia MP for 17 years.

His move reflected frustration with the party's apparent inability to appreciate the new mood sweeping Italy and get to grips with reform. Having at first tried to promote change from within Italy's biggest political grouping, after months of friction with the party nomenclature, he broke free.

The move could trigger a deep split in the Catholic vote and further weaken a party which has traditionally represented a broad spread of views. By leaving just as investigations into prominent politicians have revived from allegations of graft and financial irregularities to links with organised crime, Mr Segni dealt a crushing blow to the image of the Christian Democrats at a time when they are struggling to show a new, reform-minded face.

Still only 53, Mr Segni has often been tipped as a man who could lead a new, cross-party government after the referendums, or, more likely, the elections that could follow this year. How much support he could gain, given his ructions with the rump of his party, remains unclear. Though he is widely seen as one of Italy's men of the future, his immediate prospects are likely to be coloured by his strained relations with those of the past.

University of Heidelberg, Mr Orlando, 45, is far from foreigners

A model for a new breed of Italian politicians. His harsh attacks on leading politicians, whom he accuses of corruption and collusion with organised crime, have won him an audience among those who see the Mafia around every corner. The focus of his tirades has been on his former party, notably Mr Giulio Andreotti, the previous leader of the Christian Democrats. This week's allegations of links between Mr Andreotti and the Mafia have given Mr Orlando's claims added vigour.

A self-confessed rebel since his youth, Mr Orlando, the son of a university lecturer, has been accused of using the battle against criminal organisations as a form of self-advancement. With his escort of bodyguards, frequently-changing programme to foil potential assassins, and an image of tireless energy, however, he tends to evoke mixed feelings among fellow Italians.

Mr Orlando has earned the respect of foreigners. But in spite of his image as a Mafia-fighter, many voters, especially in the north, feel uncomfortable about his lengthy political career in Sicily, the heartland of the Mafia.

Elected mayor of Palermo in 1985, he scored immense personal successes in a stream of subsequent polls. At administrative elections in 1990, he gained over 71,000 preference votes; in regional elections in 1991, he gained more votes than any other politician in Sicilian history.

For his supporters, Mr Orlando is a tough and courageous leader, not afraid of speaking out, even at risk to his life. The party he founded, officially called the Movement for Democracy, started advocating political reform and clean government well before the revelations of corruption started to shake Italy's political fabric last year.

But critics portray him as a demagogue. They accuse him of being self-centred, making controversial statements without facts to back them up, and secretly hankering for a more presidential type of government in Italy - perhaps eventually under his leadership.

Suggestions of opportunism are lent weight by Mr Segni's claim that Mr Orlando originally supported the call for electoral reform, but had second thoughts. But then, for a small, if growing, party such as La Rete, moving to any form of voting system which would erode proportional representation in favour of reinforcing the bigger parties is bound to lead to second thoughts.

### THE VOTE ON ELECTORAL REFORM

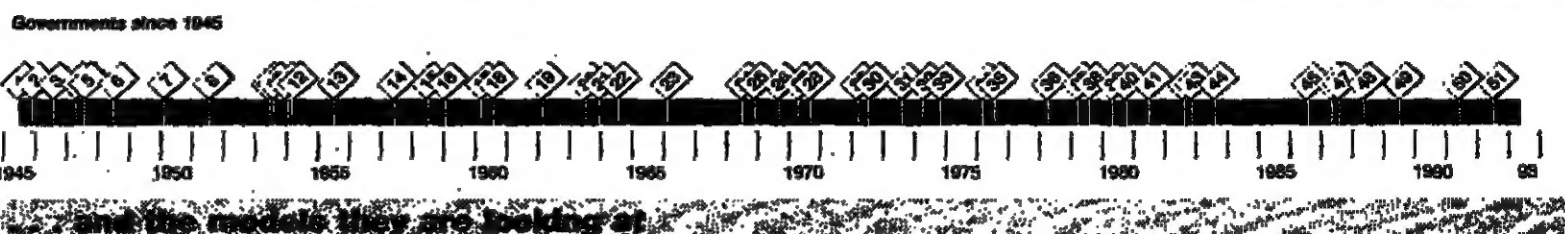
What the reformers want to scrap . . .

**ITALY** A several-faceted, shifting coalition  
The spring 1992 Amato cabinet, which has since been altered dramatically because of resignations due to the ongoing corruption scandal

**CHRISTIAN DEMOCRATS 11** **LIBERALS 8** **TECHNOCRATS 8** **SOCIALISTS 8** **DEMOCRATIC PARTY OF THE LEFT 8**

**Changing partners**

- Parliamentary elections must be held every five years. However, in a country now on its 51st government since the Second World War, legislatures have seldom lasted their full course. The elections of April 1992 marked one of the very few occasions that a parliament had served its full term.
- Early elections can be triggered through a formal government "crisis," which occurs when a government no longer commands the support of parliament. The crisis can lead to the creation of a new government, without elections, or, failing that, new polls after the president of the republic (the head of state) dissolves parliament.
- There is no fixed duration for the election campaign.
- Given that the electoral system is based on a very pure form of proportional representation, elections tend to return a large number of parties to parliament. Sixteen parties are represented in the current Chamber of Deputies.
- The president nominates a prime minister, who then seeks to put together a government. Given the consensual nature of Italian politics and the ubiquity of coalitions, the process of naming a prime minister and assembling a coalition is usually very lengthy, involving contacts with different party leaders. A new government has to be approved by parliament through a vote of confidence.

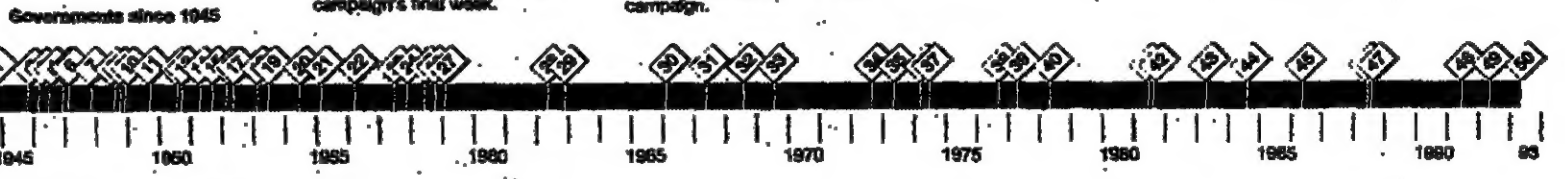


**FRANCE** A coalition of like-minded parties  
The current cabinet formed after last month's conservative landslide in National Assembly elections

**UDF (centre-right) 16** **RPR (conservative) 13**

**Living with the president**

- Parliamentary elections must be held every five years. The president is elected separately every seven years. Early parliamentary elections can be called by the president.
- There are two rounds of voting in a parliamentary election. The official campaign lasts for three weeks before the first vote, during which the parties broadcast their political messages. There are strict controls over political advertising for six months before the vote, and opinion polls are banned in the campaign's first week.
- In the first round, candidates winning 50 per cent or more of the vote to their constituencies win outright. All other candidates, winning more than 12.5 per cent go on to the second round a week later. Then, the candidate winning the most votes is elected. There is no fixed duration for the election campaign.
- The president chooses the prime minister, normally from the party which has won the most seats, although the constitution does not require this. The prime minister proposes the names of the cabinet for approval by the president.
- Every French government is influenced by its relationship with the president, whether or not the president's party is represented in the government. The constitution is vague on the division of power, but presidents tend to claim authority over foreign affairs and defence policy.

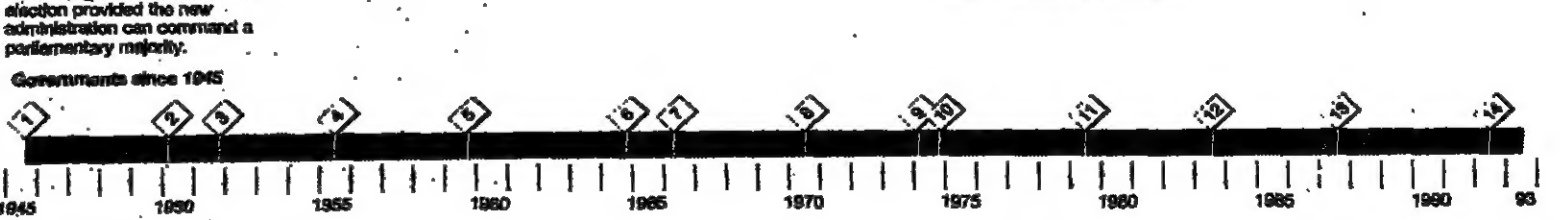


**UK** A single-party administration  
The cabinet formed after the April 1992 general election, except for the replacement of one minister.

**CONSERVATIVES 22**

**First past the post.**

- Elections to the House of Commons must be held within five years of a government's coming to power, but governments can call early elections and often do. Or they can be forced to the polls by losing a parliamentary vote of confidence on an important issue, although it is possible for the Queen (the head of state) to ask someone in parliament to form a government without an election provided the new administration can command a parliamentary majority.
- The minimum period between an election being called and polling day is three weeks, although convention usually dictates a period of about four weeks.
- There is a single round of voting. The candidate winning the most votes in a constituency is elected (known as "the first past the post" system), even though the candidate may have received considerably less than 50 per cent of the vote.
- The party winning the most seats in the House of Commons generally forms the government, with the party's leader as prime minister. The prime minister chooses the other ministers. Two seats in the cabinet go to the Leader of the Lords, who is a member of the governing party, and the Lord Chancellor, who is the chief law officer in the country.
- If the party with the most seats does not command an overall majority, which rarely happens, it will seek to form a coalition government or effect an electoral pact with a smaller party or parties to command an overall majority.



## Naples learns to do without 'jobs'

A Naples businessman recounts angrily how he was obliged to employ someone "recommended" by one of the city's political bosses. Getting a call from the politician after three weeks, he expected to be thanked for taking on a person he didn't need.

"I told you to give him a job not make him work!" the politician complained.

In this endearing metropolis, the most chaotic and crowded in Italy, jobs and work are not synonymous. The adage goes: "Jobs you have; work you do." Yet the system which has permitted people to have "jobs" without working is now under siege in a way unimaginable even a month ago.

All the top Christian Democrat, Socialist and Liberal politicians who have run the city for the past decade face charges which begin with corruption and extend to maintaining links with the *Camorra*, the local Mafia.

The once untouchable big names - Gava, Pomicino, Scotti, de Lorenzo, Di Donato - have had their reputations destroyed. One of their own political class, the Christian

Democrat deputy, Mr Alfredo Vito, decided to talk; and explosive evidence came from Mr Pasquale Galasso, a key figure in the *Camorra*. As the financial brains behind the L1,500bn (\$630m) empire of Alfiero Carmine, the most powerful *Camorra* boss, Mr Galasso knows intimately how things worked in Naples.

He has talked of vote-buying and of the "business committee" formed by the politicians, businessmen and *Camorra* to carve up the big contracts. The revelations are breaking a year behind the corruption scandals in the north; but the pace has snowballed much faster in Naples as people lose their fear of retribution and confess to magistrates who in turn are dusting off files. The confessions are laying bare what has long been publicly assumed: the largest economy in southern Italy has thrived thanks to abusive use of state funds and official tolerance of organised crime.

An array of criminal activity has been tolerated, ranging from extortion, gaming, lotteries, recycling stolen goods and drugs to contraband cigarettes, arms dealing, importing

illegal immigrants and an extensive counterfeit trade. This illicit activity expended in the 1980s on the back of a booming drugs trade.

The other economic prop has been the politician's exploitation of *assistenzismo* - the helping hand of the state. A large public sector pay-roll in Naples combined with a steady stream of financial transfers from Rome and a big programme of public works have been fertile ground for patronage.

### Robert Graham describes how Naples shows the strain

The Naples municipality has more than 30,000 employees, excess labour has been stacked into the local health authorities, fictitious jobs found in the port.

The public works programme has been sustained by inflated and fake reconstruction contracts after the 1980 Irpinia earthquake and the 1990 World Cup football prepa-

rations or by spinning out projects such as new hospitals or the metro (after 17 years work only one tranche is complete).

Public-sector spending, coupled with criminal activity in its various forms, is reckoned to generate two-thirds of the income in the Naples area. But now the flow of public funds is cut because of budgetary constraints in Rome: the big contracts have ended and the large industrial groups are shedding labour at a time when unemployment is touching 25 per cent, among the highest rates in Italy.

The drama of disinvestment is symbolised by the recent plight of SME, the state-run agribusiness group due to be privatised. SME occupies the sole fully-owned building in an ambitious downtown commercial property development of a dozen glass skyscrapers. On January 25, SME's offices were taken over by the workforce in an attempt to block privatisation or at least prevent this from being an excuse to move the headquarters from Naples and reduce jobs.

The main computer was switched off causing delays in

privatisation. Even so, the authorities did not dare to remove the protesters by force.

This week after lengthy secret negotiations between management and employees, the workers occupying the building agreed to leave in return for some concessions on employment.

The sense of anger over rising unemployment concerns the authorities. "Naples is the Italian city most at risk from an explosion of social protest," observes a senior policeman.

Indeed, one reason why the illicit economy has been tolerated and justified is because it has provided a safety valve.

However, most Neapolitans regard the cleansing process as temporary. No new party like the Lombard League in the north is ready to emerge, either on the right or left. The Naples council, renewed this month after half the members were compromised by corruption scandals (the only place for a quorum was in jail), is based on the same Christian Democrat-Socialist axis. It merely contains the names of lesser figures who have ridden on the coat-tails of the former bosses.

Instances of local health authorities being unable to discharge environmental responsibilities abound. In the marble quarries of Carrara in Tuscany, union representatives complain that the local health authority does not police quarrying or pollution controls.

Lastly, Italians must vote on abolishing a law which makes the possession of drugs a criminal offence. The motive is not to create a junkie free-for-all but to reinstate an earlier law, now in abeyance, which tried to distinguish between drug possession for personal use, which was not a crime, from holding larger quantities of narcotics, presumably for sale.

See editorial comment

The shift would mark a step towards de-politicising the highly political savings bank system, say the referendum's supporters.

Similar arguments surround the vote on abolishing the Farm Ministry. However, here the case against centralisation is harder to sustain in view of the integration of European farming in the common Agricultural Policy and the need for co-ordinated national positions in Brussels. This explains the strong opposition by some parties to the initiatives to abolish both ministries.

By contrast, the fourth referendum on the abolition of the Ministry of State Shareholdings has been made largely redundant following the decision by the Amato government to merge the portfolio with that of the industry minister.

The Ministry of State Shareholdings was traditionally a source of power for the governing parties. However, with privatisation a central part of the Amato government's policy, its function has been eroded.

Environment and drugs. The two other referendums are a mixed bag. The one seeking to strip local health authorities of responsibility for environmental controls is something of an attempt to transfer power back to the state from local level. The powers would probably end up with the Environment Ministry.

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## NEWS: RUSSIA AND THE G7



Russian Foreign Minister Andrei Kozyrev (left); US Secretary of State Warren Christopher with France's Foreign Minister Alain Juppé; US Treasury Secretary Lloyd Bentsen with Italian Foreign Minister Emilio Colombo; UK Foreign Secretary Douglas Hurd (right) with Mr Norman Lamont, the Chancellor

# Something old, something new for embattled Yeltsin

By Charles Leadbeater in Tokyo

WITH something old, something new, something borrowed and something blue the finance and foreign ministers from the Group of Seven industrialised nations yesterday pulled together a package of financial support for Russia with the impressive price tag of \$43bn.

The package to bolster Russian economic reforms has three main components. About \$14bn (\$2.2bn) has been earmarked for macro-economic stabilisation, particularly to help bring inflation under control. A similar amount will be spent on structural reform, mainly trade assistance, aid to develop the energy sector and small and medium-sized businesses. About \$15bn will be debt rescheduling.

The package was agreed during two days of talks at a Tokyo hotel. The package is on top of bilateral commitments of more than

\$4bn announced during the meeting by the US, Japan and the UK.

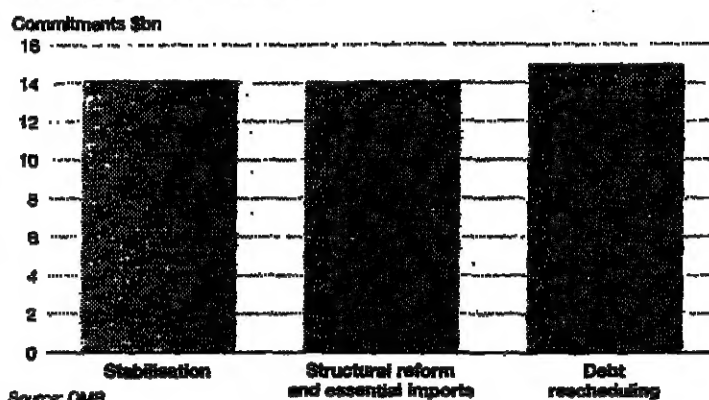
According to the plan's authors it is designed to deliver practical and visible help to hardpressed Russian consumers and unemployed workers who are bearing the brunt of the dislocations of reform.

With President Boris Yeltsin preparing for a critical referendum on his political reform plans on April 25, the G7 leaders yesterday claimed to have met the historic challenge they set themselves, to throw their weight and money decisively behind the embattled Russian leader.

Yet, on closer inspection, the G7's achievements are less impressive than they seem. The new multilateral money committed in Tokyo was well short of \$43bn. The immediate benefits for men and women in Russian streets will be even less.

Much of the package drawn up in Tokyo was already in the pipeline. The \$15bn debt rescheduling had

## G7 support for Russia



Source: GMS

already been agreed by 19 creditor countries in Paris on April 2.

About \$10bn is in the form of export credits, much of which G7 countries have already offered bilaterally. A further \$10bn is in the

form of a \$4bn IMF standby loan and a \$6bn rouble stabilisation fund. These loans were offered last year but not taken up. The G7 is simply reaffirming that the facilities are still available.

About \$5bn is due to come from World Bank loans to promote structural reform in industry. Many of these loans have been under negotiation for months.

So the only new multilateral initiatives taken by the G7 in the past two days amount to \$3.3bn. The main element is an innovative \$3bn IMF loan dubbed a systemic transformation facility designed to help economies undergoing sweeping reform.

The remainder is a \$300m European Bank for Reconstruction and Development fund to promote the development of small businesses, in part through planning a Russian bank for small and medium sized enterprises.

Indeed the boldest initiative, a US proposal for a \$4bn fund to promote large scale privatisation, met with a cool response. The ministers only agreed to study the idea in the run up to the July G7 summit of heads of state.

The protagonists, including the Russian's Mr Boris Fyodorov, the deputy prime minister and Mr Andrei Kozyrev, the foreign minister, dismissed such calculations of their achievements as crude underestimates. They make four main claims for the Tokyo agreement.

● It marks a more credible western commitment to the process of reform. The special \$3bn IMF facility - which is conditional on Russian pledges that it will tackle inflation and reduce its budget deficit - is designed to kick start macro-economic stabilisation.

● That should make it easier for Russia to negotiate the \$4bn standby arrangement with the IMF. The meeting set an October deadline for concluding those talks. As Mr Fyodorov remarked: "This puts us in a stronger bargaining position with the IMF."

If the standby arrangement is agreed Russia will be in a better position to take up the additional

\$3bn IMF rouble stabilisation fund. ● The G7 will make it easier for Russia to take up assistance from international financial institutions such as the World Bank.

● The west is adopting a more practical approach in an effort to make sure aid makes a tangible and visible difference to everyday life in Russia. The main symbol of that is the small business fund. As Mr Fyodorov put it: "The whole process is better co-ordinated and more practical than before."

According to the Russians, the political value of the G7 being seen pulling together its support into a single package at such a critical time should not be underestimated.

In time, Mr Kozyrev's desire that ordinary citizens should see some of the fruits of foreign assistance in their daily lives may come true. In the meantime the main effect of the Tokyo talks on daily Russian life will be the headlines generated in this morning's newspapers.

## Russians convinced they have made advances

By Robert Thomson in Tokyo

WHEN Mr Boris Fyodorov, Russian deputy premier, and Mr Andrei Kozyrev, foreign minister, took the stage at the end of the two-day Group of Seven meeting, they were convinced Russia had done well from the gathering.

Mr Kozyrev suggested that the get-together was evidence that "democratic forces on both sides won the cold war", although that assertion will be put to the test by the Russian referendum on April 25, a date which inspired the hurriedly arranged meeting.

That date was also on the mind of Mr Warren Christopher, US secretary of state, who explained that "we simply could not wait for our annual summit in July to act decisively on behalf of the reform government in Moscow." If the "forces of reform" were to be defeated, he said, "we would

face increased instability" and the "necessity to continue to invest dollars in defence of and not in the urgent domestic needs of our people".

Mr Kozyrev said the aid programme would certainly help the "day-to-day lives" of the Russian people, and suggested the international support shown for Mr Yeltsin would "give him more authority and more strength".

Mr Fyodorov said the aid programme was now better linked to the economic reforms under way in Russia. He said the support promised for small business was "very important", as were the "clear mechanisms" for the implementation of the aid programme.

His reference to "clear mechanisms" reflects Russian disappointment that funds from past programmes have been slow to flow because of international agencies' strict conditions. He also cautioned that some

detail was yet to be determined: "There are many aspects which will require further study. There is much more to be decided."

Mr Fyodorov said it was understandable that a US proposal for a \$4bn (\$2.6bn) privatisation fund was not immediately supported by other G7 countries. The fund is designed to help big companies, and the US has pledged \$500m and expects fellow G7 members to supply at least \$1.5bn.

"The question of privatisation will be analysed. By the time of the G7 summit in July we will have a better idea of whether it will be supported," Mr Fyodorov said.

US officials also said they were not disheartened by the unenthusiastic response to the privatisation proposal, but made clear the US would be disappointed if its G7 partners failed to commit funds by the time of the summit.

## Moscow given notice on Bosnia

By Robert Thomson

THE Group of Seven yesterday backed the Russian leadership of President Boris Yeltsin and his reforms but also put Russia on notice that its full support is expected in handling the conflict in Bosnia.

G7 foreign ministers attending the two-day meeting in Tokyo were agreed that much tougher sanctions should be imposed on Serbia through the United Nations unless there is a settlement in coming days.

The ministers made clear to Mr Andrei Kozyrev, Russian foreign minister, that Moscow, a traditional ally of the Serbs, must use its influence to end violence and should vote in favour of tougher sanctions if a vote is held at the UN.

A UN vote has been delayed until after Russia's April 25 plebiscite as Mr Yeltsin is under pressure from conservatives and could be embarrassed by a vote in favour of action against the Serbs. In recent weeks, Russian officials have said tougher sanctions would be "unhelpful".

Mr Warren Christopher, US secretary of state, said the vote was delayed out of deference to Russia and its apparent attempts to quell the violence, but Moscow's full co-operation would be expected in the UN after April 25.

He said Russian officials had indicated a settlement may be possible and insisted they must make genuine efforts to see it was reached. If there was no settlement, he said, the US would vote for sanctions and Russia should too.

## Referendum battle starts to hot up

By John Lloyd and Dmitri Volkov in Moscow

PRESIDENT Boris Yeltsin of Russia changed gear sharply yesterday in his lackadaisical campaign to win backing for his presidency in a referendum on April 25.

He told a meeting of supporters he would not obey the rules for the referendum set by his rivals in the Russian parliament and he ordered a drastic cut in the privileges and duties of his rebellious vice president General Alexander Rutskoi.

At the same time, Mr Yeltsin is working on a decree which would give massive privileges to Russia's autonomous republics in exchange for their support in the campaign. The decree, when enacted, would convert the Russian federation into a confederation, with each of the 21 separate republics acceding to a new

union treaty in a distinctly different way.

The rules set by the parliament lay down that any proposition must gain the approval of more than 50 per cent of the total electorate - an all but impossible margin. Mr Yeltsin, citing the referendum law which lays down that only a majority of those voting was required, said he would issue a decree on April 20 to bring the regulations governing the present referendum into line with the law.

The Russian president also said he had yesterday met Mr Valery Zorkin, chairman of the Constitutional Court to remind him that the Court was due to issue a judgment on the constitutionality of the referendum rules by April 20.

Mr Zorkin, whose pronouncements have become increasingly anti-presidential, forecast on Wednesday night that Mr

Yeltsin's determination to press ahead with the introduction of a new constitution would bring civil war between rightist and leftist forces. This came in spite of the fact that Mr Zorkin was one of the experts who prepared the draft constitution Mr Yeltsin wishes to introduce.

The president's move against General Rutskoi means that the latter's armour-plated Mercedes has been replaced with a Volga, the middle managers' workhorse; his bodyguards cut to two; and he is relieved of responsibility for agricultural reforms - an area on which he has, like so many of his predecessors, made little mark.

General Rutskoi, whose support was crucial to Mr Yeltsin on his accession to power two years ago and who was chosen as vice-president because of his military (air force) background and influence among reformist

communists, is now close to being the main contender against Mr Yeltsin for the presidency.

He is a powerful and emotional speaker, has an impressive record of physical courage in action and is the head of a relatively large party, the Free Russia party - part of the Civic Union bloc.

Mr Yeltsin, still supported by the dwindling number of radical democrats in the political class, now appears to have plunged for the heads of republics within Russia as the biggest source of his support.

These leaders issued a call on Wednesday to the voters to turn out on April 25 - though they refused a request from Mr Yeltsin to explicitly endorse his presidency - and they have agreed that the referendum may go ahead in all of their territories.

## Doubts on aid disbursement

By John Lloyd

THE AID package announced by the Group of Seven ministers yesterday gave a strong message of western support to Russia, but it may not have removed the obstacles to aid disbursement.

Mr David Roche, head of global strategy at Morgan Stanley International, said that only between \$3bn and \$6bn would be available relatively quickly.

"This is far short of the mega sums in the plan's headlines," he said.

"Just as hyperinflation is

part of the Russian scene, so hyperbole is a part of the western aid package to save Yeltsin."

This assessment was borne out by economic commentators in Moscow.

One said that the package risked duplicating the mistake made last year, when the headline sum of \$24bn remained partly unspent because of IMF conditionality and the remainder - about half - was given in the form of tied credits, further increasing the overall Russian debt.

As these funds went in, an estimated \$15bn-\$25bn was ille-

gally squandered away by Russian companies and individuals in western bank accounts.

Further, the success of the package is, as ever, dependent on the politics within Russia.

Only if Mr Boris Yeltsin, the Russian president, wins the referendum on April 25 and, more importantly, acts on that victory by giving the go-ahead to his government to restrain credit and create the conditions for a stable currency, can the "black hole" of Russian reform be closed and the reforms be implemented.



Japanese protest outside the Russian embassy in Tokyo against Russian right-wingers

## Tight rules set out for foreign banks

By John Lloyd in Moscow

TIGHT new rules on foreign banks intending to operate in Russia have been published by the central bank, in a move seen as part of a policy to protect fledgling Russian industries and financial institutions from foreign competition.

Mr Dmitri Tulin, a central bank deputy chairman, said in an interview with the Interfax agency that foreign banks could open only one branch office besides their Russian head office, while the total capital of all foreign banks operating in Russia could not exceed 12 per cent of the aggregate capital of the Russian

commercial banks this year. Already, according to the central bank, aggregate capital of foreign banks represents 6 per cent of the Russian total. This is even though only two western banks - Z-Länderbank of Austria and Crédit Lyonnais of France - have received banking licences.

Mr Geert D'Haeze, chief representative of the Inter Alpha Group of banks - which include Spain's Banco Bilbao Vizcaya, Belgium's Kredietbank and the UK's Royal Bank of Scotland - said the rules were a compromise with conservatives in the Russian parliament, who tried to ban foreign bank operations entirely.

## SUMMIT COMMUNIQUE

# West foresees more close co-operation

### Introduction

At the request of heads of state and government of the seven major industrialised countries and of the president of the EC Commission, and in the process of preparation of the Tokyo summit, foreign and finance ministers of G7 countries and representatives of the European Community met in Tokyo April 14, 1993 to discuss support for reform in the Russian Federation. Prime Minister Kiichi Miyazawa of Japan opened the meeting, which was chaired jointly by Mr Kabun Muto, minister for foreign affairs and Mr Yoshiro Hayashi, minister of finance.

On April 15 1993, the ministers met with Mr Boris Fyodorov, deputy prime minister and finance minister of Russia, and Mr Andrei Kozyrev, foreign minister, for an extended discussion of the economic and

political situation in Russia and to review how the international community could best support Russia's reform programme. Our Russian colleagues reaffirmed the determination of President Yeltsin and his government to move forward with reform. They welcomed our determination to support the reform process.

### 2 Support for Russia's Reform

Russia has embarked on a far reaching transformation process with the aim of building a democratic society, establishing a market economy and improving the welfare of its people under the leadership of President Yeltsin.

Russia has made courageous and extraordinary progress in the last two years. Russian reform and progress towards democratisation are essential to world peace. We want to see

a democratic, stable and economically strong Russia, firmly integrated into the community of democratic states and into the world economy. We are confident that the G7 and Russia will continue to co-operate constructively and responsibly in international affairs.

The Russian people themselves must bear primary responsibility for economic and political reform. The development of a market economy in Russia will be a long, arduous undertaking which will require difficult adjustments by the Russian people. We assure them of our support in coping with the inevitable hardships of the transition period. We remain resolved to work with Russia to develop lasting co-operation based on the principles of partnership and help for self-help laid out at the Munich Summit. Our assistance will be pragmatic, visible, tangible and effective, tailored to Russian absorptive capacity and phased with the progress of reform.

We welcome the recognition by the Russian government that both monetary stabilisation and further structural reform, including privatisation, are critical. A positive environment for private initiatives and investment, including a proper legal and administrative framework, is crucial for the transformation of the economy. Better access to export markets is indispensable to structural reform in Russia.

We have agreed on a series of multilateral actions closely linked with our bilateral efforts as described in the Annex. Close co-ordination

among our countries and international organisations as well as close contacts with the Russian authorities will be necessary.

Russia is currently experiencing a particularly difficult situation. We are also mindful of the challenging tasks facing other economies in transition. The success of the Russian reform programme is in the interest of all countries...

### 4 Next Steps

Our meeting in Tokyo has helped lay the foundation for the meeting to be held with President Yeltsin in July in Tokyo. The heads of state and government of the G7 democracies and the president of the EC Commission will continue to pay close attention to developments in Russia. They look forward to a fruitful review in July.

مكتبة النجف



## Kenyans suspend operations of leading local bank

By Our Foreign Staff and Reuters

KENYA HAS suspended operations of a leading local bank hit by severe cash problems and arrested several of its officials, the state-run Kenya News Agency said yesterday.

The agency quoted Mr. Musaia Mudavadi, the finance minister, as saying the central bank had taken over the affairs of the Trade Bank of Kenya pending further investigations.

In a statement last month the minister denied allegations that several banks had been allowed by the central bank to run up overdrafts because of their connections with the political establishment.

Mr. Mudavadi acknowledged that a "few banks have run overdrafts with the Central Bank," but he stressed that they were not insolvent.

Yesterday Mr. Mudavadi told the Kenyan parliament that "auditors appointed to the bank had reported liquidity constraints, poor asset quality, weak internal controls and violations of the banking act."

He said that a manager from the Central Bank had been appointed to run the trade bank, owned by a group of powerful local Asians "in order to protect depositors and creditors and restore public confidence." Kenya News Agency reported.

It said several trade bank officials had been arrested. The Asian managing director was being sought.

An opposition member of parliament told the house on Wednesday that the central bank was forced to loan the trade bank up to Sh1.6bn (£23m) to enable the bank to pay off its debts.

The bank was set up in 1984 with a paid-up capital of Sh230m. It listed cash reserves of up to Sh312m in February this year.

## Indian business welcomes trade liberalisation move

By Stefan Wagstyl in New Delhi

INDIAN industrial organisations yesterday welcomed government moves to liberalise investment in the motor, white goods and leather industries.

The measures, which were announced late on Wednesday, are a significant extension of the economic reforms of Mr. P. V. Narasimha Rao, the prime minister, who is trying to deregulate the economy and integrate it with the global trading network.

The changes will permit companies, including foreign groups, to enter the motor, white goods and leather industries without the need for government licences which, until recently, have been used to limit competition and keep out foreign competitors.

The Confederation of Indian Industry said yesterday that the measures were a step in the right direction.

However they are unlikely to prompt an immediate rush into the newly-liberalised sectors since much of Indian industry has been suffering from weak demand for the past year.

Foreign automobile makers have held talks with Indian vehicle makers, but have yet to commit themselves to any large new investment projects until the outlook for the economy is clearer. They have also been held back by the global economic slow down.

In separate moves, the government approved state-sector investments totalling Rs35bn (£737m), including the expansion of import facilities for natural gas, the modernisation of the Digoli refinery in Assam, power station construction, and the building of a new passenger terminal at Bombay airport.

Ministers also approved the award of an oil and gas exploration contract for an onshore area in Gujarat, north western India, to a consortium of US, Australian and Indian companies.

A parliamentary Committee probing the Rs40bn Bombay securities market scandal is considering recommending

economic slow down.

tough penalties for foreign banks involved in the affair.

According to the Economic Times, India's leading business daily, the committee's draft report recommends that the Reserve Bank of India, the central bank, should consider banning the offending banks from repatriating profits earned from irregular transactions.

The committee's final report is due to be published next month.

The scandal erupted when fake and unrecorded transactions were discovered in the inter-bank securities market.

Investigators established that money had been siphoned out of the market in contravention of central bank rules for stock market investment.

## Nigeria reverses credit ruling

By Paul Adams in Lagos

THE Central Bank of Nigeria has withdrawn its 90-day moratorium on payment of all letters of credit, a ruling introduced on March 1 which drew strong criticism from the business community and damaged Nigeria's credibility with foreign suppliers.

A circular issued by the central bank says that payment for transactions under confirmed and irrevocable letters of credit at sight is again permissible.

The change of policy is backdated to March 1 enabling suppliers to be credited without further delay.

The private sector in Nigeria has welcomed the decision, which is seen as an admission of error by the bank.

One banker said: "The 90-day rule showed a serious lack of understanding of commercial procedures on the part of leading central bankers."

The bank's justification for the 90-day ruling in March was to stop abuses of the exchange rate system.

Bankers believe that the real motive was to delay payment of scarce hard currency for as long as possible.

The effect was quite different, as importers in Nigeria bore the 90 days financing costs, passed on by their suppliers, resulting in higher import prices.

The only beneficiaries of the bank's previous ruling were the suppliers' banks, outside Nigeria, who were able to have use of the money for an extra 90 days.

## NEWS IN BRIEF

### Angola government and Unita in talks

Angolan government and Unita rebel delegates met alone behind closed doors yesterday at peace talks in Ivory Coast, Reuters reports from Abidjan.

United Nations mediators and official observers from the US, Russia and Portugal agreed to stay away from the conference room during the first private discussions between the warring parties.

The Abidjan talks, formally opened on Monday under UN auspices, are aimed at stopping fighting which erupted after Unita rejected its defeat in last September's elections.

Although all sides have reported a good atmosphere, progress was slow and a UN official said the Angolans were avoiding divisive matters that would "poison the situation."

The Angolan government said it had sharply revalued the kwanza, the national currency.

The state news agency Angop reported that as of Wednesday the official exchange rate was adjusted to 4,000 kwanza to the dollar from the previous 7,000 exchange rate. The street market rate is above 10,000 kwanza to the dollar.

The adjustment had long been expected following a controversial and unsuccessful move by the previous finance minister, Mr. Salomao Xirimlimbi, to align the official and parallel market rates which effectively devalued the kwanza.

He was sacked last month and replaced by Emanuel Carneiro.

### Hekmatyar tries to break Afghan deadlock with new cabinet

Afghan prime minister-designate Gulbuddin Hekmatyar said yesterday he had drawn up a new cabinet list to try to break a deadlock before more fighting erupts, Reuters reports from Chara-syab, Afghanistan.

His arch-rival President Burhanuddin Rabbani countered with proposals agreed after consultations among four other main guerrilla parties.

A five-week-old peace accord among the fractious guerrilla groups has become bogged down amid disagreement between Mr. Hekmatyar and Mr. Rabbani over allocation of ministries. Mr. Hekmatyar appeared to rule out any discussion with Mr. Rabbani, accusing the government of preparing for more fighting.

Under the March 7 Pakistani-brokered peace accord signed by the Mujahideen leaders in Islamabad, Mr. Hekmatyar was to finalise the cabinet in consultation with the president in two weeks.

Mr. Hekmatyar hinted that his main compromise was over Mr. Rabbani's powerful defence minister, Mr. Ahmad Shah Masood, who has held the job since the guerrillas took power from the former communist government last April. Mr. Hekmatyar had vowed to sack him.

In the new cabinet list, Mr. Masood is to be one of three deputy prime ministers and is to head the foreign ministry, which will be run by a council of all the nine main parties.

### Torture 'still widespread in China'

Torture is still widespread and systematic in China despite the Beijing government's claims to have instituted reforms, Amnesty International said in a report published today, Reuters reports.

The London-based human rights group said the practice of torture had actually spread in the last 10 years to become endemic in many Chinese detention centres and prisoners now suffered much more severe abuses.

A Chinese government report to be submitted to the United Nations' Committee Against Torture on April 22 makes largely false claims that torture cases are scrupulously investigated and the torturers brought to justice, Amnesty said.



KASHMIRI Muslims vent their anger against the killing of four Muslims during a demonstration in the capital Srinagar. Indian security forces later fired bullets and chased the crowd with armoured vehicles. Over 100 people have been killed in the past week in Kashmir, one of the bloodiest in the three-year campaign by Muslim militants to separate the state from India.

## Australian-led group signs Vietnam oil accord

A CONSORTIUM of companies led by Australia's BHP Petroleum signed contracts yesterday to exploit Vietnam's Dai Hung (Big Bear) offshore oil field, the biggest undeveloped field in Asia, Reuters reports from Hanoi.

The contract, calling for total investment of about \$1.5bn (£966m) over more than 20 years, is one of the biggest

business deals in communist Vietnam since it started building a market economy in the late 1980s.

BHP Petroleum is the operator for the field, about 250 km (155 miles) off the coast of southern Vietnam, with a 43.75 per cent stake.

Its partners are Malaysia's state-owned Petronas, with 20 per cent, Viet-

sovPetro, a Vietnamese-Russian joint venture, with 15 per cent, and Total of France and Sumitomo of Japan with 10.625 per cent each.

Bringing the Big Bear field on stream in mid-1994 will boost Vietnam's oil exports, currently coming from the Bach Ho (White Tiger) field further north. VietsovPetro pumped about 5m

tonnes of crude from Bach Ho last year.

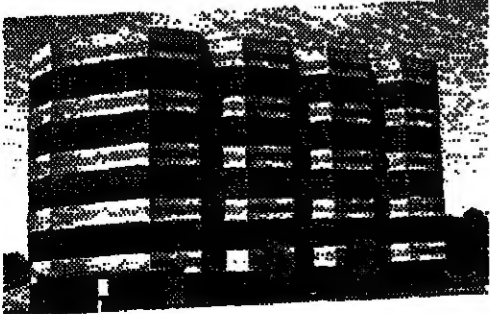
Mr. Ho Si Thoang, chairman of the state oil company PetroVietnam, said the field would start "a new period of booming oil and gas activities" on Vietnam's continental shelf.

Dai Hung has reserves of 800m barrels of light crude, making it a big field on the world scale.

“ AFTER EXHAUSTIVE ANALYSIS OF THE  
OPTIONS WE CHOSE ALABAMA FOR OUR USA  
OPERATIONS. THAT DECISION HAS  
PROVED CORRECT MANY TIMES OVER ”

Sven P. Larsson

DR. MANNISFIELD  
DEGUSSA CORPORATION



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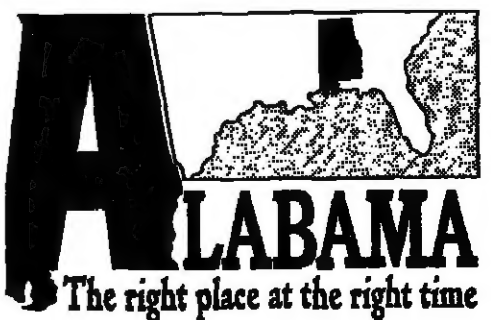


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## NEWS: THE AMERICAS

## Soaring dollar hopes come down to earth

MANY FOREIGN exchange dealers predicted that this would be the year of the soaring dollar. But, nearly four months into 1993, investors in the US currency are still waiting for it to make its next big move upwards.

Last September, the dollar hit a historic low of 1.3860 against the D-Mark, the world's second most traded currency. In the next four months, it rose some 20 pence against the German currency, boosted by the election of President Bill Clinton and a sharp upturn in the US economy.

But New Year predictions that the dollar would break through the DM1.70 level by April have been dashed. Yesterday, it was trading at around DM1.5970, some two pence below its level at the start of January - and some people in the currency market are predicting that it will go even lower.

"The dollar is at an interesting

James Blitz, Economics Staff, examines why the currency has failed to live up to forex dealers' expectations

turning point," says Mr Avinash Persaud, an economist at UBS in London. "At these levels, fund managers are comfortable holding dollars. But if the currency were to slip further from here, we could see a large scale shedding of their dollar positions."

The dollar has been capped because short-term interest rates in the US remain nearly 5 percentage points below those in Germany, providing a smaller return for investors in the US currency. This makes it expensive for investors to hold dollars for long.

Several factors have ensured that this differential has remained so wide.

● Growth in the US economy was

more sluggish than expected in the first quarter of this year. Currency investors bought dollars in large quantities at the start of the year following US gross domestic product growth in the fourth quarter of 1992 at an annualised 4.7 per cent. The comparable figure for the first quarter of this year is expected to be down to 3 per cent. This slowdown in growth suggests that the Federal Reserve will refrain from raising interest rates in the near term.

● The Bundesbank's cuts in official interest rates have been more modest than expected. Germany's discount rate has been reduced by 75 basis points so far this year. But the central bank has cut rates in "sala-

mi-sized slices" rather than introducing the aggressive easing of policy that had been foreseen.

● The yen, the third most traded currency in the world, has risen to historic highs against the dollar in recent weeks amid speculation that Japanese leaders would promote a strong yen to reduce the country's huge trade surplus with the US. The new Japanese fiscal package of ¥15,000bn announced this week has led to a slight strengthening of the dollar in recent days, however, in the belief that the package will help to reduce Japan's trade surplus.

● There is speculation that the Bundesbank is selling dollars on the foreign exchange market as a means

of rebalancing its reserves. The Bundesbank acquired an estimated \$20bn in foreign currencies during last autumn's crisis in the exchange rate mechanism. These funds are thought to be being sold back to the market, supporting the D-Mark.

Views differ sharply over whether the US currency will go up or down from here.

Mr Persaud of UBS believes the dollar has bottomed out at its current level and that it will be at around DM1.63 by the end of the month.

He believes US growth will look increasingly favourable compared to that of Germany. He also thinks that the Bundesbank has proved that it

will cut rates for domestic reasons, and that this is a good augury for more policy easing.

However, Mr Jim O'Neill, head of research at Swiss Banking Corporation in London, believes there is some chance that the dollar could move as low as DM1.30. He points to "disturbingly weak" US money supply growth and poor consumer confidence figures as signs that the economic slowdown is set to continue.

He also believes that the current holding of \$500bn of reserves by the world's central banks is far more than is justified by the economic performance of the US; and that a reaffirmation of French and German central banking ties in Europe could lead to greater cross-holdings of francs and D-Marks by the Bundesbank and the Bank of France.

"In these circumstances, there would be little point in major central banks continuing to have such large holdings of US dollars," he said.

## US may sign Rio accord next week

By George Graham in Washington

THE US may announce its backing for the bio-diversity convention, which it refused to sign at last year's Earth Summit in Rio de Janeiro, as early as next week, according to US officials.

President Bill Clinton is expected to deliver a speech on environmental policy next Wednesday, and some officials believe he may be ready by then to announce the US's intention to sign the convention, which lays down obligations to list, monitor and protect endangered species.

But the US wants to add an interpretative statement to its signature, clarifying its view of ambiguities in the treaty on intellectual property and financing mechanisms, and is keen to have the European Community and other members of the Organisation for Economic Co-operation and Development sign on to this statement.

The treaty is open for signature until June 3.

White House environmental advisers last week gave a list of concerns to Mr Svend Auken of Denmark, the current president of the EC council of environment ministers, and are circulating a draft interpretative statement they hope other governments might sign.

Many developed countries share US concerns about the vagueness of the treaty language, and the EC had been planning to lodge its own statement. Nevertheless, some of the proposed US language will need reworking if it is to attract support.

At the heart of the US objections was the possibility that ambiguities in the treaty could weaken the intellectual property rights of biotechnology companies by forcing them to share the benefits of their research and patents with the countries in which they found genetic material.

The US also objected to what it saw as an open-ended commitment to fund bio-diversity protection in developing countries.

## Argentina fixes new sale date

By John Barham in Buenos Aires

ARGENTINA is to begin privatising YPF, its national oil company, in June or July, instead of October as planned.

YPF's net worth is estimated at \$8bn (£5.2bn) and is to be floated on local and international equity markets. The sale will be the country's biggest privatisation.

Mr Daniel Marx, Argentina's chief financial negotiator, said yesterday: "We feel the opportunity [of] markets being receptive generally to stocks, particularly oil and Latin American stocks. The stars have not been aligned like this for a long time."

He denied the new thing was due to domestic political factors or to worsening government cash-flow. He said the privatisation's detailed planning and marketing strategy would have to await approval of advisers.

However, he said the government had already decided to sell as much of the company as quickly as possible. It holds 100 per cent of YPF stock and is legally required to retain a 20 per cent stake.

## South Central awaits the verdict of LA trial

By Louise Kahoe in Los Angeles

JURORS yesterday resumed their deliberations for the sixth day in the trial of four police officers charged with beating black driver Mr Rodney King in an incident recorded on videotape. Fears that the illness of a juror on Wednesday might delay the trial proved unfounded as all 12 filed into court.

The officer's acquittal in April 1992 sparked riots in South Central, one of Los Angeles' most deprived districts, and exposed to television viewers around the world an area that few of the city's affluent residents had ever seen.

South Central is not marked on city maps provided by hotels and car rental companies. Nor is it an area that many would have cause to enter. Today, it remains a place that many fear to visit or even travel through, except on the raised freeways from which its poverty and deprivation are not visible.

The scene of some of the worst violence in last year's riots, South Central is again

the focus of world-wide attention, however, as the verdict is awaited in the second trial of the four white policemen.

There are widespread fears that South Central might again erupt in violence, burning and looting if the men are acquitted. Police, the national guard and US marines at nearby Camp Pendleton are all preparing for the worst.

Yet on the streets of South Central there is an eerie calm. The area seems to have been almost deserted yesterday, with few people on the streets and only light traffic.

Everywhere the ugly hulks of last year's fires remain. Many burnt-out buildings have been torn down, the empty lots surrounded by fences scrawled with graffiti - the trademark of local gangs. Others stand like skeletons, just metal trusses pointing skyward and walls blackened by fire.

At intersections there are vacant lots where petrol stations once stood; some still have the remains of signs that used to display prices.

Most depressing are the blocks and blocks of tiny boarded-up, metal-barred shops and businesses, most of them

closed since last year's riots. Of those that remain in business, most seem to have been fortified and closed in anticipation of a potential repeat of last year's mayhem.

The only doors that seem to be open are those of dozens of churches, some no more than shop fronts, others impressive structures.

Yet, on the side streets of South Central, life goes on behind locked and grilled doors in rows of small bungalows, giving way to four-storey apartment buildings in the Crenshaw district, known as one of the toughest parts of the city.

It was here that department stores and supermarkets were looted, that Mr Reginald Denny, a truck driver, was dragged from his cab and brutally beaten.

Further north, in Korea Town, which was the target of attacks by roving gangs a year ago, uniformed security guards stand on the pavement outside fortified electronics shops, and additional metal grids are being installed over the windows of other shops.

The heavy police presence, so widely publicised by city



Armed agents move into the federal building in Los Angeles where the trial is being held

officials, is not visible in these parts of Los Angeles.

In two hours of touring, this reporter saw only four squad cars - moving in pairs - as well as a few "undercover" police, not very well disguised, in unmarked cars, apparently going about their business of searching for drug dealers.

While the 12 jurors in the Rodney King beating trial continue their deliberations in the federal court downtown, it is on the streets of South Central, Crenshaw, Korea Town and other poor neighbourhoods of Los Angeles that the verdict on civil rights and social justice will ultimately be cast.

The efforts of community leaders - black, Asian and hispanic - may be successful in preventing an uprising of the devastating proportions seen a year ago.

More pragmatically, people who live in South Central say simply: "There is nothing left to burn."

## NEWS: WORLD TRADE

## European report pinpoints discrimination against foreigners

## US trade barriers criticised

By Lionel Barber in Brussels

US rhetoric about free trade contrasts with its own significant barriers to trade and investment, according to a new study by the European Commission released yesterday.

The Commission's annual report on US trade barriers pinpoints protectionist trade legislation, discrimination against foreign investors, high tariffs and "Buy American" laws in the US. "The number of such impediments has not decreased since last year's report was published," the study concludes.

The 90-page Commission study comes as Sir Leon Brittan, EC commissioner for

external economic relations, is preparing to visit Washington for talks early next week with the Clinton administration. The aim is to head off US sanctions in the dispute over US/EC procurement legislation and to make progress in the Gatt world trade talks.

A Commission spokesman stressed yesterday that criticism of US trade practices did not amount to proof that the new Democratic administration was more protectionist than its Republican predecessor. "We continue to give them the benefit of the doubt."

The chief barriers cited in the report are:

● US tariffs of 30-50 per cent on textiles, ceramics, glass-

ware, vegetables and footwear.

● "Buy American" legislation at federal and state level which shuts out foreign suppliers, or sets down local content requirements of 50-65 per cent. Telecommunications equipment remains excluded from the Gatt procurement code.

● Unilateral US legislation such as the "Super 301" law which, though lapsed, may be revived by the US Congress. The clause provides wide discretion to retaliate against trading practices deemed unfair or burdensome to US commerce.

● New extra-territorial legislation such as the Cuban Democracy Act (1992) which restricts trade with Cuba to humanitarian

and food aid operations. It also extends to US-owned or controlled foreign companies.

● The US failure to renew favourable tariffs on dozens of farm and industrial products valued at \$1.27bn (£841m). Some of the duties currently applicable are as high as 35 per cent, the report says.

Mr Ove Jorgensen, the Commission's North America director, said yesterday most of the \$200bn annual two-way trade was "largely trouble-free".

The report however raises concerns about the new US preoccupation with national economic security - an apparent shift from the old national security considerations often used to justify trade barriers.

## Problems for Nafta seen in Congress

By Anthony McDermott

THE North American Free Trade Agreement, linking the US, Canada and Mexico, could run into difficulties in the US House of Representatives, Mr Julius Katz, former deputy US trade representative, said yesterday in London.

President Bill Clinton would need to persuade his party, the Democrats, to accept the key measures on labour and the environment, particularly on the US-Mexico front. The second round of talks on such issues has been going on this week in Mexico City.

Nevertheless, Mr Katz, who now works as a trade consultant for his former boss, Mrs Carla Hills, the erstwhile US trade representative, told a conference that Nafta, signed last December, "represents one of the most important achievements of the Bush administration". It would be "of great significance to the further development of the Mexican economy".

Mr Katz said that at the outset of the Bush administration priority had been given to the Uruguay Round of trade liberalisation talks. Bilateral free trade agreements "were second order priorities".

The initiative taken by President Carlos Salinas in February 1990 to join Nafta had been his, not that of the US. It had been motivated by the development of the European Community's Single Market and growing attention to the emerging democracies of central and eastern Europe.

Nafta, because of its health and cleanliness provisions in particular, had been described as "the greenest" trade agreement ever negotiated, he said.

He saw continuity in US trade policy under the Clinton administration in that there had been commitment to negotiate with Chile to expand Nafta.

But, he said, "a more immediate problem for President Clinton is to secure the approval of Nafta by the Congress, something which is widely assumed, but is not assured."

## East Europe calls EC's bluff over free trade

Community proposals are short on specifics where it matters, reports Lionel Barber

DURING this week's international conference in Copenhagen on economic development in central and eastern Europe, ministers from the former communist bloc served notice on the EC that it was time to put up or shut up.

Dropping diplomatic niceties, the east Europeans pressed hard for further trade liberalisation with the EC and early membership of the Community. Mr Geza Jeszenszky, Hungary's foreign minister, compared their struggle to that of ancient gladiators fighting wild beasts in the Circus Maximus in front of an indifferent (western) Caesar.

The Community's response was less dramatic. Looking sheepish, Mr Niels Helveg Petersen, Danish foreign minister, trotted out the standard EC line that there was no point in setting a firm date on membership. Other free trade-minded delegations pledged to dismantle trade barriers, but were short on specifics where it matters most: agriculture, fisheries, steel and textiles.

It was left to Sir Leon Brittan, EC commissioner for external economic relations, to raise the free trade flag. He warned western ministers not to use the recession as an excuse for delaying trade concessions, saying the EC enjoyed a \$1.3bn (£841m) trade surplus with the chief east and central European economies of the former Soviet bloc.

Sir Leon is eastern Europe's standard-bearer in the battle for accelerated trade liberalisation to be considered at the EC summit in Copenhagen in June. Political steam for a more generous approach is building - if only because at some point the EC will have to confront the contradiction between its political desire to help the former communist countries and the economic reality that so far its concessions on market access have been niggardly.

There are signs of a new approach. In Copenhagen, several western delegations said it was time for the eastern Euro-

peans to rebuild commercial ties among themselves and with the former Soviet republics as part of a grand design to strengthen trade liberalisation across the continent, including eventually Russia.

Mr Alain Lamassoure, the new French minister for European affairs, said greater commercial integration in the east would offset the loss of markets caused by the collapse of the Soviet bloc, but it would also serve a broader aim: to teach the east Europeans "la vie communautaire", just as France and Germany learnt to overcome their old enmities

trade, he said.

Nor is it clear how Mr Lamassoure's ideas fit into the new patterns of trade which have sprung up since the fall of the Berlin Wall: the EC's single market, the European Economic Area (between the EC and Efta countries), free trade agreements between Efta and the Visegrad Four, between the Visegrad Four, between the EC and the six "associate" EC countries (Bulgaria, Romania, and the Visegrad Four).

Confusing the picture still further, the Baltic states have free trade agreements with Norway, Sweden, and Finland but not with the EC - a tricky subject which remains to be tackled during the Nordic countries' accession negotiations to the EC this year.

The eastern European queue for membership is equally tangled. By extending association agreements to Bulgaria and Romania, the EC has offered the same privileges to the Visegrad Four and undermined its claim to be a privileged club. At the same time, the aggressively free-market Czech republic is sprinting ahead; Slovenia, the former Yugoslav republic, is also making rapid progress. Germany is quietly pushing both countries' cause.

EC leaders will soon have to offer clearer priorities, even if this conflicts with the ad-hoc approach favoured by the Community. In the meantime, it is clear that the east Europeans are less willing to play a supplicant role toward their rich western neighbours. The EC's temporary ban on meat and dairy products because of suspected foot and mouth disease in the region unleashed prompt retaliation and howls of rage in Copenhagen.

Mr Pavel Bratinka, Czech foreign minister, noting that there had been no foot and mouth disease in his country since 1974, uttered what could be a prophetic warning: "From now on, the high barrier to the Czech republic to anything bearing the label EC will exist no more."

## Fiat plans new car in S America

By John Barham in Buenos Aires

FIAT's subsidiaries in Brazil and Argentina are planning a cross-border venture to build a replacement for its Uno compact model, currently made in both countries.

Mr Franco Macri, whose Argentine company Sevel builds Fiats and Peugeots under licence, said planning was still at a very early stage. However, the new project already figured in Fiat's L40bn (£16m) long-term investment planning up to the year 2000. Fiat owns its Brazilian subsidiary outright, but only 15 per cent of Sevel.

Production will maximise available industrial capacity in Argentina and Brazil. The two companies will buy components from suppliers on both sides of the frontier, and to a lesser extent from elsewhere.

As well as selling in Brazil and Argentina, the car would be exported to Italy and other markets. Both countries' car industries have developed strong trade links in recent years. Sevel already swaps vehicles, motors and gearboxes with Brazil and its parent company's factories in the rest of the world.



US is running out of patience with Japan's apple growers

## US tires of waiting for bite of Japanese apple market

By Emilio Terasone in Tokyo

"EMPTY boxes, empty promises" reads a sign hanging from empty apple crates displayed at an American food fair in Osaka this week. The display by the Washington Apple Commission, which represents growers producing 90 per cent of the US apple crop, reflects mounting frustration at Japan's reluctance to open its market.

Although Japan officially liberalised this market in 1971, it has been rejecting imports through strict quarantine rules about pests and diseases. Such import restrictions are viewed as a structural trade barrier by foreign agricultural exporters, although the Japanese contend the matter is purely technical.

The US took action to meet Japan's rules for pest control in 1975. However, after 18 years of waiting, it is accusing Japan of dragging its feet. Last week, the US embassy in Tokyo filed an

official complaint claiming the technical aspects had been resolved and that Japan's slow processing was a non-tariff barrier.

"Apples are symbolic of Japan's attitude," says Mr Tom Hale, president of the Washington state group. "We've been patient and thorough with the Japanese, and it's not a matter of science any more, but of politics." The US wants the market open by next January.

The US has spent considerable sums trying to meet Japanese requirements for controlling the codling moth pest and fireblight disease. However, when the US Agriculture Department sent data on treatments, Japan then raised concern about another pest.

A Japanese official warned the US not to treat the matter as a trade issue. "We still haven't received a proper explanation from the US why it does not allow Japan to export mandarins to orange-producing American states," he said.

مكتبة جامعة القاهرة



US may sign Rio accord next week

## European automotive design consultancy forced into receivership

By Kevin Dene, Motor Industry Correspondent

IAD (UK), one of Europe's leading automotive design and engineering consultancies, has been forced into administrative receivership with debts of about £13.5m.

Mr Maurice Withall and Mr Peter Fisher of accountants Grant Thornton have been appointed joint administrative receivers.

Mr Withall said last night that offers for International Automotive Design had been received from several companies and a sale could be

completed before the end of next week.

"We are very hopeful and expect to be successful in selling the business as a going concern," he said.

Mr Godfrey Harker, IAD group finance director, said the company's debts included bank debt of £7m, trade debt of £4m and £2.5m owed to the Inland Revenue.

It expected to make a loss of £2m to £2.5m on a turnover of up to £52m in the year to the end of this month. Turnover had begun to fall sharply since mid-1992.

The company had been profitable

until halfway through the present financial year, but turnover had declined significantly from about £80m in both the previous two years. The strain on IAD's finances was increased by the financial collapse in February of Daf, the Dutch truck maker, which owed IAD around £500,000.

IAD, based at Worthing, West Sussex, has carried out contracts for many leading vehicle makers since it was formed in 1976 by Mr John Shute. The company is owned 75 per cent by Mr Shute and his family and 25 per cent by Cliven, the

UK's second largest venture capital investor. The company, which won three Queen's awards for exports in the late 1980s, has established a presence in most of the leading car producing countries with subsidiaries in Germany, France, Spain and the US and liaison offices in Tokyo, Seoul and Moscow.

It has played a leading role in the design and prototype development of a range of vehicles including the Ford Scorpio estate car, Ford's Lincoln Town Car in the US, the Volvo 440 and the Mazda MX-5 sports car.

It has been in the forefront of development of electric vehicles and recently won a substantial design and development contract from Telco, the large Indian commercial vehicle maker.

The IAD group employs nearly 1,000, including many independent consultants under contract. The company employs just under 300 in the UK, mainly at its Worthing headquarters.

Only the UK parent company and five UK subsidiaries have been placed in receivership. Mr Harker said last night: "It is

the back end of the recession catching us. We had been looking for additional capital for a little while and had been trying to interest the venture capital market, but falling turnover did not help."

Under Mr Shute's forceful leadership IAD has been built into the UK's leading automotive design and engineering consultancy. Its concept vehicles have been exhibited at many leading international motor shows, and the company had started to rival long-established Italian automotive design houses such as Pininfarina, Italdesign and Bertone.

## Telephone challenge by AT&T

By Alan Cane in London and Martin Dickson in New York

WHAT do AT&T's plans to challenge BT in the UK telecommunications market mean for its customers?

Cheaper calls for a start, as competition erodes the cosy "correspondent" arrangements which obtain now, where national carriers co-operate rather than compete across national boundaries. These could give way to head to head rivalry in international and domestic markets.

There is the prospect of cost-effective, "seamless" international communications services with only one company and one set of bills to deal with. In the UK, for example, AT&T says it intends initially to offer British business customers virtual network services and digital private lines for high speed data and voice communications.

Assuming that the AT&T request is granted, what effect will new competition have on the market? Analysts yesterday argued that Mercury was more likely than BT to suffer from AT&T's presence in its home market.

BT, for example, intends to offer the same sorts of services in the US that AT&T plans to offer in the UK. It believes that access to the lucrative US market will give it advantages that are well worth the risk of extra competition in the UK. Mercury, on the other hand, is much smaller and has specialised in the business market on which AT&T is focusing its efforts.

AT&T's application is the latest move in a complex regulatory game of give-and-take across the world's telecommunications markets.

It was the inevitable retaliation to BT's request last month for permission to operate international and domestic services in the UK. The only surprise was how long it has taken AT&T to make its move. Sprint Corporation, the third largest US carrier, lodged an application for a licence with the DTI over a year ago.

It is also no surprise that AT&T is trying to use its influence with the FCC and the US administration to block BT's application as a bargaining measure.

The main telecommunications carriers such as AT&T and BT are resigned to these changes and are preparing for the battle for customers; what remains to be thrashed out is the terms on which the various players will have access to each other's networks and markets.

This is what lies behind calls for "equivalence" or reciprocal access arrangements, guaranteeing a level playing field. For BT and AT&T to fulfill their goals of becoming global "supercarriers", they must have access to each other's markets. Both complain about the regulatory regimes they have to surmount.

## Britain in brief



### Fishermen in talks on blockades

Fishermen from ports throughout England and Wales meet tomorrow to decide the next phase of their campaign against the government's fisheries policy.

Some of the representatives are expected to favour more of the blockades which in the last four weeks have disrupted shipping in and out of Teesport, Plymouth, and the Mersey estuary ports.

But Mr Richard Banks, chief executive of the NFFO, said: "Nothing is ruled out".

The fishermen's blockades were designed to raise public awareness of their opposition to the new Sea Fish Conservation Act which will restrict the number of days UK fishing boats can go to sea.

### Charity shops show profit

The typical British high street charity shop made a profit of 27 per cent on weekly sales and donations of £963, according to a survey.

Oxfam has both the largest sales and profits of any charity, followed by Imperial Cancer Research Fund, the Spastics Society and Barnados.

The survey, conducted by NGO Finance, covered the accounts of 2,760 shops run by 26 charities. That represents more than half of the estimated total 4,671 shops run by 41 charities around the country.

### Europe threat to engineering

A fragile recovery in UK engineering output is being threatened by deepening recession in vital European export markets, according to the Engineering Employers' Federation.

The EEF, in its latest economic trends report, said that all the main engineering sectors, except aerospace equipment and metal goods, could now expect higher sales over the months ahead.

Forecast engineering sales for 1993 of £130bn represent a modest improvement over the 1992 total of £128bn and will only restore industry sales to the level achieved in 1990.

### Post Office sell-off delayed

Cabinet ministers have agreed to delay privatising the Post Office because of pressure on the government's legislative programme and a dispute over the best form for the sell-off.

The sale is sensitive among Conservative MPs because of worries about the impact on the postal service in Tory-held rural constituencies.

## Firm signs of upturn in UK house market

By Scheherazade Daneshkhu

FIRM evidence of an improvement in the housing market emerged yesterday from estate agents and the chairman of a leading building society.

The Ombudsman for Corporate Estate Agents (OCEA), an industry-appointed body, reported a 36.4 per cent increase in contracts exchanged in March compared with February. It said the number of exchanges reported by its members in March totalled 38,285, compared with a low last year of 19,027 in September.

OCEA accounts for approximately 50 per cent of the total estate agency market in the UK. However, the March figure represented a more modest 12.5 per cent increase on March 1992, when the number of exchanges reported was 31,351.

Mr Alan McIntock, chairman of the Woolwich building society, the fourth largest lender, said yesterday that its estate agency arm, Woolwich Property Services, reported an increase in net sales of 40 per cent in the first quarter of the year compared with the same period last year.

"There are concrete signs of the long awaited revival in the housing market," said Mr McIntock at the society's annual general meeting in London.

Confirmation of this optimism was given by Alliance & Leicester Property Services, which said it had seen a year-

on-year increase of 38 per cent in sales while Nationwide Estate Agents reported a 33 per cent increase in sales in the first quarter of the year compared with last year.

Mr John Nicholson, chairman of Crest Nicholson, the Surrey-based housebuilder, was also optimistic at the company's annual general meeting yesterday. He said visitor levels across the company's sites and open market reservations since mid-February were well up on the same period in 1992. He also said that asking prices had been obtained since the beginning of the year.

However, Mr John Wrigglesworth, housing market analyst at UBS, warned against talking up the market. The OCEA figures for gross monthly sales - offers accepted - and net sales, which strip out those which have fallen through - showed much lower increases compared with last March. Gross sales last month were up 7 per cent compared to March 1992 and net sales increased by 15 per cent over the same period.

"We are seeing a return to 1992 levels of activity before the reintroduction of stamp duty and no one thought that 1992 was wonderful for the market," said Mr Wrigglesworth.

"Transactions have improved and the year will probably end up 20 per cent higher on last year but when things have reached rock bottom, anything is an improvement," he said.

## Tougher English teaching planned

By John Authers

STRICTER standards for spoken English, and tougher requirements for teaching Shakespeare, are features of a radical set of proposals for revisions to the English national curriculum.

The proposals, announced yesterday by the National Curriculum Council, could affect all teaching of English in England and Wales.

They include exhaustive lists of recommended reading for children up to the age of 16, and streamline the present curriculum. The number of attainment targets for children has been reduced from 18 to 9.

However, the review has added fuel to the confrontation between the government and teachers' unions over tests for the national curriculum, which are due to start in June.

Most teaching unions now plan to try to force the government to abandon the tests this year. Opposition politicians attacked the timing of the proposals which come only a week

after Mr John Patten, the education secretary, announced a review of the full national curriculum.

All pupils will now be required to read one Shakespeare play between the ages of 11 and 14 and another by the time they are 16. Teachers complained this was unrealistic for less able pupils.

There were also doubts about the rules for spoken English. Under the proposals, primary school teachers would be expected to correct pupils at Key Stage One (between the ages of five and seven) for making ungrammatical comments such as: "We was robbed" and "We winned at football".

By Key Stage Two (for 11-year-olds), pupils should be proficient in "standard English" and should not make mistakes such as: "Pass me them books", and "We haven't seen nobody".

There will be three months of public consultation and the resulting guidelines will be introduced between 1994 and 1995.

## Thatcher returns to world stage

BARONESS Thatcher, the former UK prime minister, has proved this week that she has not lost her political touch.

Her attack on the government's policies in the former Yugoslavia, repeated in numerous television interviews at home and abroad, has reached an international audience.

In characteristic language she accused western countries of acting like "an accomplice to a massacre" and condemned, as "terrible and disgraceful" justifications for that policy put forward by Mr Douglas Hurd, the foreign secretary.

However strong the government's public denunciation, the former prime minister's remarks have stirred Westminster into passionate debate over Britain's role.

"The unofficial view is that she has flipped - gone completely mad," said one MP ally of Mr Malcolm Rifkind, the defence secretary.

That was a careless assessment - although it was true that scarcely a Tory MP was prepared to support Baroness Thatcher's call for Bosnian

### Ralph Atkins on the former PM's standing at Westminster after her intervention in debate on military involvement in Bosnia

Muslims to be armed. But the government was clearly on the defensive in the House of Commons, anxious that her views should not become common currency or be seen in the US as policy.

The private scorn of loyal MPs, fed up with Baroness Thatcher's attacks on her successor as prime minister over Maastricht, was coupled with an admission that her views chimed with swelling anxiety beyond Westminster.

"Her comments have struck a chord with the public," said a Tory MP who opposes increasing military involvement.

Baroness Thatcher's intervention may have been clumsy. But in the Commons there was a growing feeling amongst MPs that "something must be done", a sentiment that Mr Rifkind at times struggled to contain during debate. "There is a ghastly parallel between the feebleness of the United Nations as it now

stands and the League of Nations some 60 years ago against expansionism," said Mr Barry Porter, a Conservative MP.

"There is a real danger of being dragged into a far wider and more difficult conflict unless some check is imposed on the Serbian driven expansion," said Mr David Howell, Tory chairman of the foreign affairs committee.

Reaction among some opposition Labour party MPs too was surprisingly strong; the condemnation of government inactivity by leftwing rank-and-file MPs more vociferous than those on the front bench.

Ms Clare Short MP, drew parallels between the plight of Bosnian Muslims and the failure to protect Jews in the second world war. Mr Tony Banks MP, said the former prime minister had articulated at least "the deep anger and frustration of people in this country". Since standing down as an



VICTORIAN ECHOES: the government seeks modernisation and privatisation in the future and hopes G4 will set an example

## Group 4 survives escape row to bid for private prison

JAIL systems throughout the world share a common first rule, even if they differ in most other respects - hang on to the prisoners.

Yesterday Group 4, the private security service, met UK prison service officials for talks in London after four men escaped or were wrongly released within as many days as Group 4 took control of a prison escort service.

There was more at stake at the meeting than the usual embarrassment over escapes. The government's ambition to extend private management to wide areas of the criminal justice system depends on the private sector being able to deliver a reliable service.

In the event Mr Derek Lewis, director general of the Prison Service, said the next private sector contract would be phased in to operation. Switching the entire contract to Group 4 Court Services on a single day was a mistake. Group 4 will be among the new bidders.

He also agreed that only one of last week's four disappearances by prisoners was attributable to Group 4; but a further meeting will be held in a month to monitor the situation.

Group 4, one of the largest security organisations in the world, runs Wolds, on the east coast of England, the first privately managed prison in the UK. It is also among this week's bidders to manage Strangeways prison, Manchester, one of Britain's biggest prisons. Group 4 is a subsid-

ary of the Dutch-based Group 4 Securitas which has 32,000 employees worldwide - 8,000 of them in the UK - and operates in 33 countries.

Security companies were natural candidates when the government sought private-sector involvement in the criminal justice system. But their established activities in cash delivery, guard services and security patrols still left them short of the specific expertise needed to run prison services.

Group 4 has recruited some high-ranking staff from the public sector. Mr Charles Erickson, a senior Home Office civil servant, and Mr Walter MacGowan, a former governor of Strangeways, joined the company last year. Group 4's director of the prison escort contract is Mr Michael First, until January chief constable of Leicestershire.

"Bidding for government prison contracts is in line with our business objective of remaining in security activities rather than diversifying," Mr Stephen Brown, managing director of Group 4 Total Security said.

"There was always a possibility of complications in taking over a complete, complex contract on a single day," said Mr Brown. "But it should be remembered that since Group 4 started managing Wolds prison a year ago we have been responsible for escorting prisoners between Wolds and the courts. We have handled 8,000 movements in a year without incident."

## Brothers wound Nintendo giant in key US court ruling on game

By Gary Mead

THE ELECTRONIC games market is a battlefield, both on and off screen. On screen, Sonic the Hedgehog or Mario the plumber exchange fist-cuffs with a host of enemies. Off-screen, the large manufacturers wage multi-million-dollar court actions.

Sometimes the giant-slayers win. Two brothers, Richard and David Darling, who own a software publisher called Codemasters, heard last month that the US Supreme Court declined to hear an appeal from Nintendo in an action against Lewis Galoob Toys, Codemasters' US licensee, giving them a clear victory and putting an end to a two-year legal case.

Nintendo - which with another Japanese company, Sega, overwhelmingly dominates the international \$2.2bn

electronic games market - was required to deposit a \$15m bond in the US courts. It may now be required to forfeit that bond.

In the court case, Nintendo acted against one of Codemasters' best-selling products, a copyrighted enhancer called Game Genie, which Codemasters claims has achieved international sales of \$100m. It is an important victory.

Nintendo is appealing against forfeiting its \$15m bond, of which \$3.4m is due to the Darlings, and may take the appeal all the way back to the US Supreme Court. It could be another year before the Darlings see any cash from the case.

But what really counts is the go ahead in the US for Codemasters' business. At the heart of the off-screen conflict are problems of definition concern-

ing peripherals - a broad category including everything from joysticks and screen-magnifiers to game enhancers, which clip onto game cassettes and give the player extras, such as additional lives for the central characters.

The key question is when is something proprietary - exclusive to the original system manufacturer - and when not? It's a grey area and some key figures in the industry see Nintendo and Sega eventually losing their control. They expect other big Japanese electronics companies, such as Sony and Matsushita to move into games software.

Both independent software producers and the large manufacturers run into conflicts because current copyright laws, both in the EC and the US, are thought inadequate by some legal experts.

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## THE PROPERTY MARKET

## Farmers' barren landscape

The long-term outlook for agricultural land values remain uncertain, writes Vanessa Houlder

Have agricultural land prices in the UK hit bottom? After three dismal years, some agents believe the land market is set for a tentative recovery.

"The feeling is that we are at a turning point," says Mr Jim Ward, head of research at Savills, the chartered surveyors.

Farm values have dropped by as much as 50 per cent in real terms since their 1980s peak but as the Royal Institution of Chartered Surveyors says, "there are signs that the recent decline in farm values is coming to an end, as lower interest rates relieve the burden on hard-pressed farmers."

Any recovery will be from a low base. Values are at their lowest for a decade and, in real terms, at their lowest for 30 years. But the decline has been far from steady: agricultural land has been a particularly volatile sector of the property market.

In the 1970s, land values rose steeply as a result of a large increase in farm profitability, stemming from increased production yields and higher EC support for farm prices. Land values were forced up by greater demand for land from financial institutions, largely in the belief that property was a good hedge against inflation.

But by the early 1980s, the EC's Common Agricultural Policy was producing food mountains - and a constant stream of criticism. Brussels instigated reforms in an effort to control production and curb costs, leading to progressive cuts in the prices of farm produce. The

resulting constraints on farm income, coupled with lower inflation, sharply reduced potential investors' appetite for land.

This decline in demand for land was briefly reversed in 1988, when land values shared in the general inflation of asset prices. Values were boosted by new investors who relished the prospect of life in the country. Prices paid for residential farms in the south and west of England rose by 40 per cent between 1987 and 1989.

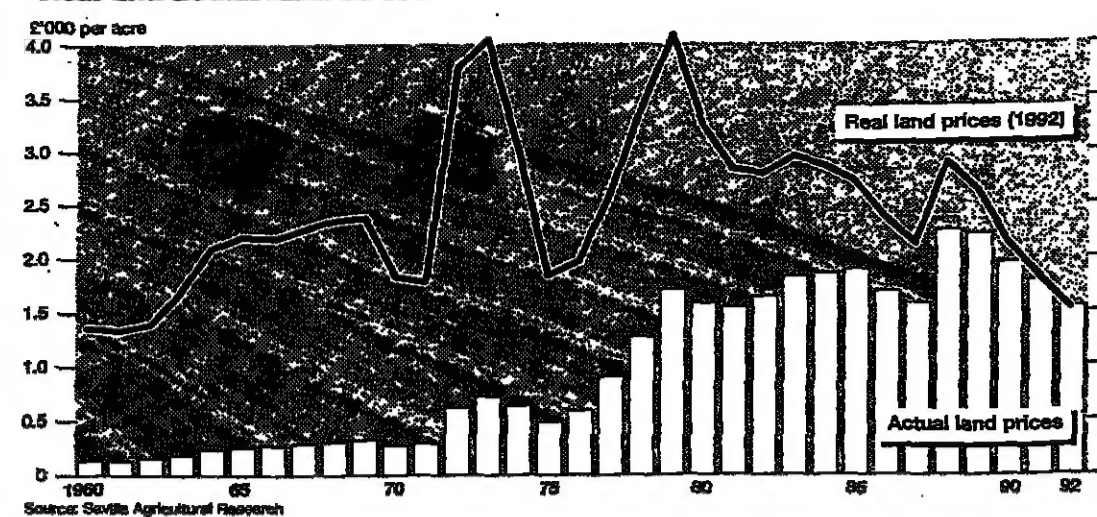
But once recession took hold in 1990, drying up the supply of new investment, prices began to nose-dive. At first, this decline was reinforced by further pressure on

farm incomes. But in 1991, there was a modest improvement in incomes: the Ministry of Agriculture calculates that in 1991 farm incomes rose by 1.1 per cent, a drastic revision of its earlier estimate that incomes had fallen by 14 per cent to their lowest level since 1945.

Farmers' fortunes again improved last year. Poor weather, uncertainty about CAP reforms and the stalled talks on liberalising world trade under the Gatt Uruguay Round resulted in a mood of despondency among farmers.

The gloom was, in part, ill-founded. Farmers' incomes rose by 23.6 per cent as a result of a devaluation of the "green pound" - the currency used in EC farm trade -

Real and actual land values



Source: Savills Agricultural Research

following the UK's exit from the European exchange rate mechanism in September and the subsequent easing of British interest rates. A lower interest burden transformed the profitability of many farms.

But the respite may be temporary. The agricultural land market is still in the throes of immense uncertainty and change. The benefits from the devaluation will be eroded in the next few years as inflationary pressures on imports

drive up costs.

Longer term, there is concern about the level of subsidies to farmers. The set-aside scheme introduced last year by the EC (designed to take 1.5m acres of farmland out of production, an area slightly larger than Lincolnshire) involves large subsidies to compensate farmers. In the long term, some farmers are concerned about how long this official support can be sustained.

The future of farming subsidies is

a complex issue concerning EC policy, international trade negotiations and public finances. Any possibility of withdrawing support creates alarm in the farming lobby, which argues that falling prices could make farming uneconomic in some areas and lead to its abandonment over large parts of the country.

"Agriculture cannot be turned on and off like a tap," says the Royal Institution of Chartered Surveyors. Once farming has been run down

and farmland abandoned, it would be difficult to reverse the situation in the event of an upswing in demand.

But critics of the set-aside subsidy believe that falling land values would merely cause temporary hardship while the removal of subsidies could lead to less intensive and more environmentally-friendly farming. Cheaper land would reduce farmers' needs for such high returns, according to the Council for Protection of Rural England.

Likewise, Friends of the Earth, the environmental lobby group, argues that the real problem is not a surplus of land but rather that land is farmed too intensively.

Friends of the Earth is opposed to taking land out of production because of uncertainty about climatic change, the possibility of a national emergency, and the likelihood that intensive methods of production may be severely eroding topsoil and contaminating ground water. "We do not believe we should be relaxing strategic reserve of land in the UK," says Mr Robin Maynard, countryside campaigner for FoE.

Conservationists are also concerned about the alternative uses to which land is put once taken out of production. They are fearful that allowing more development in the countryside would create a knock-on demand for new roads, housing and shops.

## Farmers' incomes improved after sterling's ERM exit and from interest rate cuts

But others believe that agricultural land can be put to better use. "Are we right to agonise over every last acre of rural land when, after the CAP reform package is implemented, so much will lay idle?" asked Mr Christopher Jones, president of RICS in a speech in the House of Lords in December. Mr Jones criticised the "almost pathological fear of development in the countryside."

"All evidence points to the fact that most of us would prefer to work in a more rural environment. With improved transport links and new technology, this is increasingly practicable," he said. The trend is to permit more uses for agricultural land as businesses and people move to the countryside. This view won official support early last year when the government told local authorities that "little weight need normally be given to the loss of farmland of moderate or poor quality which makes up two-thirds of Britain's agricultural land - when councils draw up their development

blueprints. The government's attitude to development in the countryside shows that the value of agricultural land is not wholly dependent on the state of the agricultural industry. This, together with brighter prospects for farm profits over the next few years, might give some support to land valuers. But hopes of a revival are tentative. And looking ahead, there is immense uncertainty about the prospects for rural land values.

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4,000 sq ft on single floor in superb  
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New lease at only £22.50 per sq ft.  
The BBP Partnership 071 495 1414.

## FOR SALE

## PRIME LONDON DOCKLANDS SITE

1 1/2 acres with waterfrontage. Currently  
Lubricants Blending Terminal, but could have  
alternative  
uses in Chemicals or Industrial.  
Good warehousing and storage together with  
offices. Has excellent access for distribution  
across the UK.

Interested parties reply to Box A4752,  
Financial Times, One Southwark Bridge,  
London SE1 9HL

## FREEHOLD FOR SALE

Former Creamery, Great Torrington, Devon

- Approx. 13.6 acres in total, available in lots
- Approx. areas:  
Cold stores 14,500 sq. ft.  
Warehousing 37,860 sq. ft.  
Food processing and storage 188,000 sq. ft.  
Separate office block 6,920 sq. ft.
- Redevelopment potential
- Bideford 8 miles  
Barnstaple and North Devon  
Link Road 12 miles

All enquiries

Weatherall  
071-405 6844

## THE LONDON DOCKLANDS SURVEY

The FT proposes to publish this survey on

FRIDAY 21st MAY 1993

This survey has been specifically timed to  
coincide with the completion of the Docklands  
Highways. It will also be read by one million  
business people in 160 countries worldwide.

For editorial synopsis & advertising details, please  
telephone Wai-Fung Cheung on 071 873 3574

## CONTRACTS &amp; TENDERS

## THE PORT AUTHORITY OF NEW YORK

## REQUEST FOR QUALIFICATION INFORMATION

## HOTEL DEVELOPMENT

The Port Authority of New York and New Jersey is seeking a hotel developer to build/lease a superior first-class, 400-room hotel at JFK International Airport's central terminal area, which is currently undergoing a \$1.8 billion redevelopment effort. At present, it is envisioned that the hotel would have a conference center, meeting rooms, an international telecommunications and business service center and guest rooms.

In general, consideration will be given to developers who can demonstrate financial capability or secure a line of credit in the amount of \$65 million and who can demonstrate experience in the following: Development and operation of a superior first-class hotel; a national and international reservation system; and a strong operational plan and management structure.

If you are interested and qualified, please call, write or fax for a complete Request for Qualification Information to: Mr. Orville A. Ramsey, The Port Authority of New York and New Jersey, John F. Kennedy International Airport, Building 141, Suite 223, Jamaica, New York, 11430. Phone: (718) 244-3656 Fax: (718) 244-3659

Qualification Statement must be received by the close of business (5:00 pm EST), May 14, 1993.

## BUSINESS BUILDING NEAR ZURICH MAIN STATION

In the immediate vicinity of the famous "Bahnhofstrasse" we sell totally renovated office building suited for bank or other service companies requiring first-rate location.

Floor area variable from 800m<sup>2</sup> to 2000m<sup>2</sup>.

Absolute confidentiality guaranteed.

Please contact us via cipher  
44-67817 Publicitas,  
Postfach, CH-8021 Zürich

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- Constructing property for commercial and residential use
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179-181, rue de Luxembourg

L-1077 BERTRANGE

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Fax: 01 61 5245 87 65

## FREEHOLD INVESTMENT PROPERTY FOR SALE

Two valuable freehold factory sites, both let to a gilt-edged pic producing an annual income of £109,000, on 27 year full repairing leases.

Asking price - £1.1 million

Replies please write to Box A4751, Financial Times, One Southwark Bridge, London SE1 9HL

## BUSINESSES FOR SALE

## TENDER ANNOUNCEMENT FOR THE SALE OF COGNÉ ACCIAI SPECIALI S.r.l.

Cogné S.p.A., a company limited by shares, incorporated in Italy, Via Paravera 16, 11100 Aosta, tel: +39-165-302670 (fax: +39-165-43779), intends to sell the stainless steel producer company Cogné Acciai Speciali S.r.l., a limited liability company incorporated in Aosta, Italy, of which it owns 100% of the share capital.

All interested companies are asked to contact Cogné S.p.A., by 28th April 1993, to receive the description documents and all information concerning the presentation of the bids, according to the terms and conditions indicated in the announcement which appeared on the Italian financial newspaper "IL SOLE - 24 ORE" of 9th April 1993.

Bids shall be sent, by registered mail, by 10th May 1993, at the following address:

Cogné S.p.A., Via Paravera 16, 11100 Aosta  
Attn. company's C.E.O.

This announcement is not a public offer pursuant to Art. 1336 of the Italian Civil Code and it does not constitute any obligation of, or undertaking by, Cogné S.p.A.

## COMPANY NOTICES

## NOTICE OF MEETING

Notice of meeting of Directors and General Meeting of Life Assurance Society.

NOTICE IS HEREBY GIVEN to the Members that the 14th Annual General Meeting of the Society will be held at MCM House, Horse Road, Worthing, West Sussex on Monday, 24 May 1993, at 12.30 p.m. for the following purposes:

1. To receive the Directors' Report and Financial Statements for the year ended 31 December 1992.
2. To consider the election of directors.
3. To reappoint KPMG Paul Marwick as auditors of the Society and to authorize the directors to fix their remuneration.
4. To transact any other business.

By Order of the Board  
J. Sainsbury  
23 March 1993

Each member may attend and vote in person or by proxy at meetings of the Society. A proxy need not be a member of the Society.

## LEGAL NOTICES

The Irish High Court

Dublin International Reference Centre

(In Voluntary Liquidation)

Advertisement of the claims of all Creditors or Intermediaries

The joint liquidators have applied for and been granted an Order by the Irish High Court to enable them to estimate, on an accurate basis, the value of contingent or otherwise unascertained liabilities to Dublin Reo co-hold.

The joint liquidators have, in accordance with the above mentioned Order, issued a letter to all known creditors or intermediaries on 19th March 1993. The purpose of this letter was to notify all known creditors or intermediaries of the manner in which the various types of claims, which they may have, should be filed. Any creditor or intermediary of Dublin Reo who has not received the above mentioned letter should immediately contact the joint liquidators in writing at the following address as their claims must be lodged by 18th May 1993.

Dublin International Reference Centre Limited

(In Voluntary Liquidation)

1st Floor,

Bell's Building,

Montague Street,

Dublin 2.

Please note that creditors, retrocessionaries or other creditors are not yet required to file any claims which they may have in the liquidation.

The joint liquidators will be writing separately to all known creditors, retrocessionaries and other creditors later this year. A further advertisement to this effect will be published in this publication at that time.

N.L. Fox

J. McElroy

JOINT LIQUIDATORS

16th April, 1993.

## Commercial Property

appears every Friday.  
For full details please call

Dominic Morgan in London  
on 071 873 3211

or JoAnn Gredell in New York  
on 212 752 4500

مكتبة النور



Increased claims are the latest threat to insurers battling to contain medical bills, reports Alan Pike

# An antidote to high health costs

Cost increases are the biggest potential killer of private healthcare in Britain. Controlling them is now as important an issue for private health insurance managers as generating new business. But just as the insurers were congratulating themselves on their progress in containing hospital costs another problem has arisen.

"Cost increases are not now being driven by rises in healthcare prices, but by the increased frequency with which insured people are having treatment," explains Arthur Large, managing director in charge of membership at Bupa, the biggest private healthcare group. Last year Bupa's average claim costs rose by 9.6 per cent - 7.3 per cent resulting from an increased frequency of claims.

The latest trend is in contrast with the recent improvement which has been made in curtailing actual medical bills. Recent tough negotiations with hospital operators have begun to pay off. Innovations such as procedure pricing - hospitals agreeing to perform all operations of a particular type, such as hip replacements, at a single set price - have broken the traditional pattern of medical costs rising faster than general inflation.

Roy Forman, managing director of Private Patients Plan, the second biggest medical insurer, said when

announcing his annual results last month that PPP had "made more progress in the important area of claims cost management last year than we did in the whole of the previous decade."

The striking growth in claims has many possible explanations, not all directly clinical. People with private medical insurance sometimes still use the National Health Service for routine treatment; this seems to be happening less, however, after several years of publicity about waiting lists and funding problems in the public sector.

Fundholding GPs, who finance their patients' NHS care from overall set budgets, have an incentive to encourage individuals with private health insurance to use it. Last year's sharp growth in claims will have included some employees who feared redundancy and sought treatment while still members of their employers' schemes.

Despite these factors, though, Bupa managed to reverse the industry trend in its corporate business sector - covering bigger companies - where the frequency of claims showed a slight fall.

The stabilising of corporate claims reflects attempts by Bupa to persuade client companies to manage healthcare schemes more actively. Companies are advised to appoint a specific manager to administer schemes and handle

employees' claims. They are urged to consider levying excess charges on employees - people may think twice about opting for treatment if they have to pay part of the cost themselves.

Bupa has now advanced from this package of common sense advice to a more sophisticated Care Support Service for corporate clients and their employees. It offers Bupa a hope of managing costs by discussing possible options with patients before treatment begins.

Employees of companies in the Care Support scheme telephone a helpline staffed by Bupa nurses once they have been referred to consultants by their GPs. This gives Bupa the option, in appropriate cases, of suggesting that patients consider day-case surgery, one of the biggest cost-saving measures currently available in hospitals. Day-case surgery saves around 30 per cent on typical costs by avoiding the need to keep patients in hospital beds overnight.

Hospital accommodation and nursing charges amount to more than 40 per cent of total insurance claims - a night in a private hospital room will usually cost between £180 and £280. When an inpatient stay is necessary Bupa nurses will, with patients' permission, discuss home-care needs with their consultants and organise nursing and domestic support to meet them.

## An organised US alternative

must find ways of curbing health costs.

Until recently, most US companies offered benefits under the traditional "indemnity" system. Under this system, employers pay workers' insurance premiums.

When the workers suffer illness, the insurance company covers most of the cost. Many companies have found indemnity insurance expensive and inefficient and have turned to "managed health care".

Under managed care, companies join forces with other groups in large-scale organisations known as "health maintenance

organisations".

HMOs claim to be cheaper than indemnity insurance. Their size means they hold substantial bargaining power with physicians, pharmacists and other healthcare providers.

Many HMOs cover millions of employees, usually concentrated in one region, and this gives the organisation a great deal of influence on pricing.

Economies of scale help keep a lid on costs at the HMOs.

"Doctors and nurses often spend an inordinate amount of time on administrative work," said Alan

### UK private medical insurance



Persons covered (million)

Average premium per subscriber (£)

Around one-third of large companies insured by Bupa are already enrolled in Care Support. It treats delicate ground - Large and his colleagues know patients want to be sure decisions about treatment are made on medical grounds, rather than to meet the cost-control desires of an insurance company. To help provide reassurance, the scheme contains provision for a second specialist opinion for patients undergoing surgery.

But there are prospects of schemes such as Care Support turning everyone into winners. Health managers like day surgery because it is cheaper. Companies will like it if it helps keep premium increases down (premium increases for Bupa's company schemes have been 7 per cent during the past year - half the level of increase for individual customers). Patients like it because it avoids having to stay in hospital unnecessarily. And many doctors say that, for appropriate procedures, day surgery results are better than those of conventional methods.

Kenyon is trying to ensure customers are more satisfied with Lloyds than in the past. He is in charge of the "service challenge", which was launched in the bank's 1,888 branches last summer after being tested in 55 branches in 1990. The initiative will be developed throughout this year.

The reasoning behind it is simple. The bank hopes to raise the level of service by setting "core" standards every branch must meet and supplementing them with local targets. These standards are being measured by a range of methods including customer surveys and staff questionnaires.

Kenyon argues that Lloyds underestimated the impact of poor service before because it could not measure service as easily as the loan mistakes that appear as debt provisions in annual accounts. "A bad loan is a very obvious cost, but a mistake in a pamphlet can be just as damaging," he says.

Victoria Griffith

## Banking on satisfaction

John Gapper on how Lloyds is trying to improve service standards

If you telephone a branch of Lloyds Bank and it rings five times before there is a reply; if the person who answers does not introduce him or herself by name during the conversation; if you are standing in a queue with more people in it than the number of open tills, then something is wrong.

If any of these things happen, then the branch is breaching standards of customer service set by the bank since last July. The idea of a British bank having such mechanistic measures of customer service is far from traditional. Yet Lloyds feels it has little choice but to change its ways.

As banks try to devise new charges to raise income from customers, they are confronted with increasing alienation. An internal survey at Lloyds found that while 73 per cent of bank customers were happy with their bank in 1987, the figure had dropped to 61 per cent by last year. This is a dangerous trend because many banks have invested in subsidiaries such as life insurance operations companies to try to sell more to their customers. "It is a truism that you can only sell to a customer who is satisfied with the service he is getting," says Clive Kenyon of Lloyds.

Kenyon is trying to ensure customers are more satisfied with Lloyds than in the past. He is in charge of the "service challenge", which was launched in the bank's 1,888 branches last summer after being tested in 55 branches in 1990. The initiative will be developed throughout this year.

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The emphasis on measurement means the bank's new standards are deliberately unexciting. Things such as the speed at which calls are answered can be quantified fairly easily. "We just want to encourage polite, efficient service," says Kenyon.

The bank has tried to encourage participation from staff by allowing groups of employees working in teams in branches to set their own additional standards. "They can choose, but it has to be something that has an impact on customers, not just watering the plants twice a day," he says.

Lloyds already has evidence of the impact. Customers were more satisfied with pilot branches in 1991 than with others. Furthermore, since the initiative was launched nationally in the summer, average satisfaction with branch service has risen five points on a 100-point scale to 81 points.

**The bank hopes to raise the level of service by setting 'core' standards for all branches**

The bank is monitoring the impact using four methods, two of which are customer surveys. There is a "first impressions" survey of all new customers. There is also a general survey carried out every six months which seeks the views of a weighted sample of 350 customers per branch.

The other two methods are more eclectic. A survey company telephones each branch anonymously twice a month to test how staff respond to inquiries about products. Finally, a quarter of each branch's staff answer a monthly questionnaire about the bank's products to test their knowledge.

Kenyon says this is not intended to create competition among branches. But it is watching branches that underperform, helped by 24 managers who monitor the initiative. It is not only angry customers who are keeping Lloyds' staff under closer scrutiny than ever before.

### BUSINESSES FOR SALE

#### Estate Agents For Sale

The Joint Administrative Receivers, A Lovett and WJH Elles offer for sale the businesses and assets of Folkard & Hayward Services Limited and Phillip Charles Limited.

##### Folkard & Hayward

- "London's largest independent estate agents"
- Eleven leasehold locations: ten within London
- 'Pipeline' business of approximately £301,000
- Turnover of £232,364 for nineteen weeks to 11 April 1993
- Established in 1899.

##### Phillip Charles

- Mainly in first time buyers market
  - Nine leasehold locations in the home counties
  - 'Pipeline' business of approximately £195,000
  - Turnover of £157,297 for nineteen weeks to 11 April 1993
- AN EARLY SALE IS ENVISAGED

For further details contact immediately Alan Lovett, Ernst & Young, Apex Plaza Reading, Berkshire RG1 1YE. Tel: 0734 500611. Fax: 0734 507744

#### ERNST & YOUNG

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

### SPECIALIST PRINTERS

#### Baddeley Brothers (London) Limited

The Joint Administrative Receivers, Christopher J Barlow and Robin M Addy, offer for sale the business and assets of this long established printing firm, located at Boundary Street, London E2.

Principal features of the business include:

- annual turnover approximately £1.4 million
- established and prestigious customer base
- forward order book
- valuable freehold site, 17,350 square feet of accommodation located on the City fringe.

For further information, please contact the Joint Administrative Receiver, Christopher J Barlow or Richard Bingham at Coopers & Lybrand, St Andrew's House, 20 St Andrew Street, London EC4A 3AD. Telephone: 071 212 6270. Fax: 071 212 6666. Alternatively, at the company on Telephone: 071 739 7356. Fax: 071 739 4115.

Coopers & Lybrand is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

#### STRAWBERRY SYSTEM for sale

A new Pest-alternative, with massive horticultural sales potential. Made from wheat straw, an agricultural waste product. Pilot scheme in S.E. completed. Ideal to franchise all over U.K. For details phone or fax 0883 624526.

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Situated in the North of England. Broad product base producing to approx. £200,000 p.a. with very high gross and net profit. 54 bedroom stone built farmhouse plus additional land and trout fishing available. £328,000 + SAV. Apply Stalmans (0532) 461961

#### GEORGE STRACHAN & SON LIMITED AND ITS SUBSIDIARIES AND THE BEDROOM WORKSHOP LIMITED

- The Companies are principally engaged in the manufacture and sale of high quality bedroom furniture through both retail and direct sales outlets. Significant features include:
- Turnover approximately £8 million
- Leasehold factory and offices in Leeds
- One freehold showroom and seventeen leasehold showrooms
- Sales leads and customer database
- Established brand name
- Skilled workforce
- Development property portfolio

For further details please contact either Lynn Houghton or Paul Millington, BDO Binder Hamlyn, Number Twenty-One Queen Street, Leeds LS1 2TW. Tel: 0532 448204 Fax: 0532 425936

BDO BINDER HAMLYN

Chartered Accountants  
Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

#### R.H. BARKER and F.C. SATOW as JOINT ADMINISTRATIVE RECEIVERS, OFFER FOR SALE THE BUSINESS AND ASSETS OF

##### GOUGH & DAVY LIMITED

- Pianos, keyboards, musical instruments
- Sheet music and CD retailers
- Turnover circa £1.3 million
- Freehold retail premises in Central Hull
- Leasehold retail premises in York and Southport
- Established since 1860; substantial customer base.

For further information please contact the receivers at Baker Tilly, Yorkshire House, Greek Street, Leeds LS1 5SN. Tel: 0532 449912. Fax: 0532 436728.

#### CHARTERED ACCOUNTANTS

##### BAKER TILLY

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#### FOR SALE

##### Small Limited Company

specialising in hydraulic/pneumatic seal distribution in U.K. Based in South Yorkshire in own building. Solid order book and good profit margin. T/O in excess £500,000 p.a. Owner wishing to retire

Write to Box A4394, Financial Times, One Southwark Bridge, London SE1 9HL

### INVITATION

For the submission of Expressions of Interest for the purchase of the Assets of "VOMVICRYL SOC. ANON. INDUSTRIELLE ET COMMERCIALE DES FIBRES ACRYLIQUES" of Athens, Greece

"Ethniki Kephaleou S.A. Administration of Assets and Liabilities" of 1, Skouleniou str. Athens, Greece in its capacity as Liquidator of "VOMVICRYL SOC. ANON. INDUSTRIELLE ET COMMERCIALE DES FIBRES ACRYLIQUES" a company with its registered offices in Athens (the "Company") currently being liquidated under the "special liquidation" provisions of law 1892/90, invites interested parties to submit within twenty (20) days from the publication of this Notice Non-Binding Written Declarations of Interest for the purchase of one or more of the groups of assets of the Company as described below.

#### BRIEF INFORMATION

The Company was founded in 1973 and was in operation until 1980, when it was declared under liquidation, according to the "special liquidation" provisions of L. 1892/90, as modified by L.2000/91. Its activities were comprised of the production, exploitation and trade of every type of fibres and textiles. The company is not in operation, neither is any personnel being employed.

#### GROUPS OF ASSETS OFFERED FOR SALE

Interested parties should declare their interest in the purchase of one or more of the following 2 groups of assets of the Company:

1. Plant in Avlaki, Fthiotida (along Lamia-Volos National Road), consisting of buildings of 23,296.42 sq.m., standing on a plot of 190,718 sq.m. and containing machinery, mechanical equipment, furniture and other equipment.
2. Other assets, including stock-in-trade and raw materials.

#### SALE PROCEDURE

The sale of the Assets of the Company will be by public tender in accordance with the provisions of article 456 of Law 1892/90 and the terms mentioned in the invitation to be published in this respect in the Greek and Foreign Press on the dates stipulated by the law.

#### SUBMISSION OF DECLARATIONS

OFFERING MEMORANDUM-FURTHER INFORMATION  
For the submission of declarations of interest, as well as for obtaining the Offering Memoranda for each of the groups of assets mentioned above and further information please refer to the Liquidator of the Company "Ethniki Kephaleou S.A. Administration of Assets and Liabilities" address: 1, Skouleniou str. 105 61 Athens, Greece, tel: + 30-1-323.14.84 Fax: + 30-1-321.79.05 (attn: Mrs Marica Frangaki).

#### FOR SALE

##### MIDLAND ENGINEERING BUSINESS

- Annual Turnover: Circa £1,000,000
- Established Customer Base
- Freehold Premises Available

Contact: R.W. Leivers or N. Varney at Cooper-Parry, Prior & Palmer.

102 Friar Gate, Derby DE1 1FH

Tel: (0332) 295544 Fax: (0332) 295600

MAGAZINE ADVERTISING ASSETS of insolvent companies and businesses. Free copy 071-282 1184.

### LEGAL NOTICES

#### ELIZABETHAN INSURANCE COMPANY LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 175(2) of the Companies Act 1985 that at an Extraordinary General Meeting of ELIZABETHAN INSURANCE COMPANY Limited held on Tuesday 13th April 1993 a payment out of capital by the Company for the purpose of the Company's accounts of £1,883,645 of its own shares by purchase from the Registered Holder thereof was approved by Special Resolution. The total amount of the permissible capital payment for the shares in question is £1,883,645. The Statutory Declaration of the Directors and the Auditors' Report required by Section 175 of the Companies Act 1985 are available for inspection at the Company's Registered Office. Any creditor of the Company may at any time within five weeks immediately following the date of the Resolution for payment out of capital apply to the Court under Section 176 of the Companies Act 1985 for an Order prohibiting the payment.

Registered Office: BY ORDER OF THE BOARD

Lombard Continental House  
180 High Street  
London  
E14 4BE

Dated 13th April 1993 Signed Limited SECRETARY

### COMPANY NOTICES

#### INSURANCE COMPANIES ACT 1982

##### ALLIANZ CORNELL INTERNATIONAL INSURANCE PLC

TRANSFER OF CENTRAL BUSINESS  
NOTICE IS HEREBY GIVEN that Allianz Cornhill International Insurance plc applied to the Secretary of State for Trade & Industry on 5 April 1993 for its approval, pursuant to section 51 of the Insurance Companies Act 1982, to transfer to Cornhill Insurance PLC all of its rights and obligations, under policies written by it in the United Kingdom prior to 1 January 1993.

Copies of the Statement of Particulars of the proposed transfer are available for inspection at 27 Leadenhall Street, London EC3A 1AA between 9.00am and 5.00pm on Monday to Friday until 16 May 1993. Written representations concerning the transfer may be sent to the Secretary of State for Trade and Industry, Department of Trade and Industry, 10-11 Victoria Street, London SW1H 0NN before 15 June 1993. The Secretary of State will not determine the transfer until after considering any representations made to him before that date.

### CONTRACTS & TENDERS

#### IMPORTANT NOTICE

Mining, Refractories and Building materials Holding Co. announce the Postponement of Submission date of Prequalification for Operation and Management Services at:

**Tourah, Helwan and National Cement Factories till Saturday June 5, 1993**



## TECHNOLOGY

Andrew Baxter on a new engine that outperforms standard induction motors across the board

## Chasing the current

Worth Watching · Della Bradshaw



## A testing mix for the drinks industry

Many people have ordered an expensive brand of whisky or brandy in a bar only to suspect that the bottle has been topped up with a lesser - and cheaper - brand. What is bad news for the customer can be catastrophic news for the drinks maker, as such tactics reduce its credibility. To help traders ensure only their products are sold under their name, Biocode of Nottingham has developed a marking system which can be added to the liquor in just three or four parts per billion. Antibodies to these markers are then developed which react with it - by changing colour. By removing a trace of the liquor and mixing it with the antibodies it is possible to tell if the drink has been tampered with. Biocode: UK, 0904 430616.

## From sludge to compost

A method of turning sludge from sewage treatment plants into agricultural compost has been developed by the French company Lesa, of Saint-Ismier. The first phase of the process is to extract the sludge and remove most of the water and then add this to bark, sawdust and household waste to improve the consistency and increase the proportion of carbon. Air is then circulated through the mixture to create oxidation so that the organic matter breaks down. The mixing and oxidation process is computer-controlled and can be remotely monitored using a modem and telephone line. Lesa: France, 78 32 13 30.

## Engineering an efficient car

With increasing environmental

pressures on the motor car, engine makers are trying to improve the efficiency of the internal combustion engine while reducing emissions.

Ricardo Consulting Engineers, the engine and transmission specialist, has developed a combustion system for engines which, it claims, reduces fuel consumption by up to 12 per cent while radically reducing the levels of waste oxides of nitrogen. The CCVS (combustion control by vortex stratification) system recycles inert exhaust gases back into the system. Previously, exhaust gas recirculation resulted in an increase of emitted hydrocarbons and high fuel consumption. CCVS keeps the waste gases separate from the fuel and air mix, which means the air and fuel burn cleanly. Ricardo: UK, 0273 455611.

## Fewer dealers upgrade technology

The overall demand for dealing room technology is showing little signs of recovery, according to Kinsey Consulting's annual survey of the UK market. Twenty per cent fewer firms than this year are expected to upgrade or replace their systems in the next 12 months. Despite this, the market for dealer boards will increase substantially to be worth more than £30m this year.

When asked to rate information vendors, dealing room managers placed Reuters at the top of the list, displacing Quick which has held the top position for the past four years. Kinsey Consulting: UK, 081 429 2450.

## Producing every golfer's dream

The latest in computer-aided design technology has been combined with some of the most novel research in polymers to produce every golfer's dream - a more accurate golf ball.

Developed by Spalding in the US, the "Magna" ball is 2 per cent larger than traditional balls but complies with the game's weight rules. The Magna has a softer core and a thicker covering of Spalding's "Zylon" polymer and larger dimples on its surface. Spalding says these changes give the golf ball an advantage of 11 to 17 extra yards on a drive. Spalding: US, 413 536 1200; UK, 0954 731672.

There can be no tougher challenge for inventors than to break into an industrial market with established players worldwide and a mature product that has been refined and improved over many years of development.

It is hard enough persuading manufacturers that your invention both works, and works better than the existing product, says Peter Lawrenson. But getting them to change their product line is even harder.

Lawrenson is founder, chairman and chief executive of Switched Reluctance Drives, a small Leeds-based company which is trying to penetrate one of the oldest and most mature product sectors in engineering - electric motors.

Over the past 25 years, Lawrenson and his team have had an uphill battle convincing the electric motor industry that the so-called switched reluctance (SR) motor can outperform standard induction motors across the board - in efficiency, speed, torque, reliability and robustness.

Now, after spending £35m, an academic idea has been turned into a business whose managers can begin to foresee - through licensing, joint ventures and other deals - the taking of substantial shares in several parts of the world electric motor market, worth \$30bn-\$40bn (£20bn-£26bn) a year in total.

"There are several areas where SR drives could get a 30 per cent market share," says Lawrenson. "Ultimately, when SR drives are totally established, the share could be as high as 50 per cent."

Standard electric motors work through the inter-relationship of two magnetic fields generated by electric current passing through coils in the rotor (rotating part) and

stator (static part) of the motor.

An SR drive, too, has a rotor and a stator, but the rotor is, effectively, a solid piece of iron - it is made of a large number of laminations of iron - and does not carry a current.

The idea, says Lawrenson, is to exploit the fact that the forces from a magnetic field on the iron in the rotor can be many times greater than those on currents. Unfortunately, though, they can normally be used only for a short movement, and then stop.

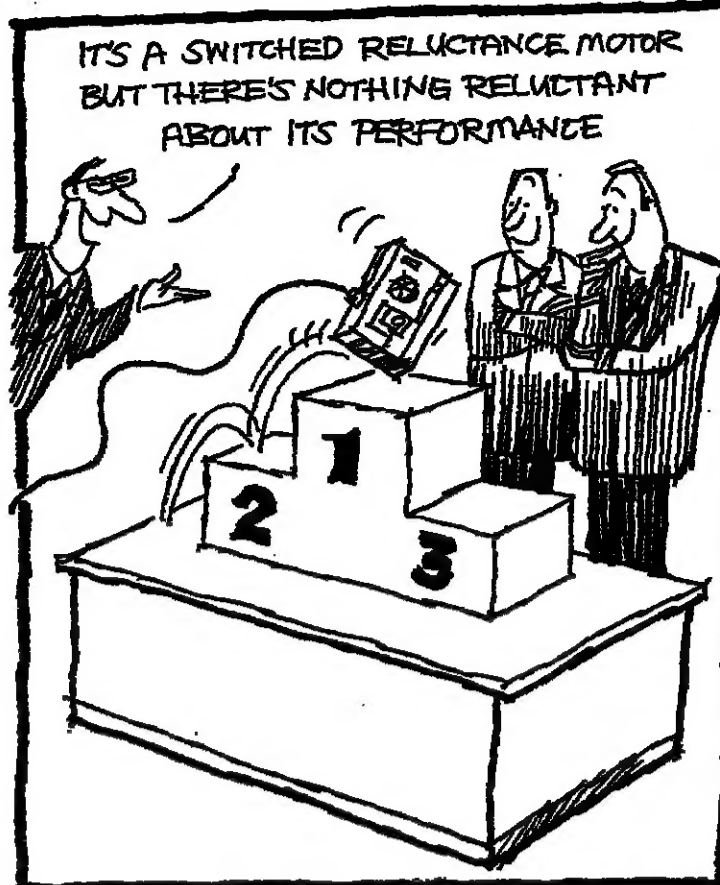
The SR drive makes these forces continuous by switching the current in the stator on and off - ensuring the poles on the rotor are continually "chasing" the current. Controlling this process requires semiconductors, which means that for the first time electronic control is inherent in an electric motor rather than auxiliary to it.

The result is a motor that, size for size, produces up to three times as much power as a standard AC or DC motor. Duty for duty, the SR motor costs half as much to manufacture as its standard rivals, due mainly to the much simpler rotor, yet uses conventional materials and the same manufacturing processes - just fewer of them.

It is the falling price of semiconductors - coupled with rising prices for copper, iron and labour - that is increasingly making SR drives a commercial proposition, says Lawrenson.

"Until the last year or two," he says, "the semiconductors would cost three times as much as the motors, and that didn't add up."

"So we had to get the semiconductor companies to realise that we were offering them potentially the largest market they ever had - through automotive auxiliaries (generators, windscreen wipers etc) and household appliances."



Now, in a typical application such as a washing machine, an SR motor would cost £16 in total - £8 each for the motor and the electronics - against £16 for a conventional motor and £2 for its associated electronics.

SR Drives has spent the past 25 years building up its knowledge of

the new type of motor and has become the acknowledged world leader in all aspects of the technology, manufacturing and commercial exploitation of SR drives.

Having initially believed that the motor would work best at smaller power outputs, the company has discovered that there is no theoret-

ical upper size limit. It has successfully developed motors at sizes approaching 1MW, and has paper designs for motors of 5-10MW, big enough to power a locomotive.

The company decided some years ago that licensing was the best approach to exploiting the technology, but has found that the electric motor industry's customers in a wide range of businesses from washing machines and mining equipment to aerospace pumps and compressors have been more receptive than the motor producers themselves.

Some of the latter, says Lawrenson, have considered the SR drive to be "lively tower rhuarb" and seem also to have found the prospect of switching to SR drives too disturbing psychologically.

In Europe, four companies are producing SR drives for general industrial uses, under licence from the Leeds company, and Sole, a subsidiary of Zanussi, is expected to be producing an SR motor for white goods within two years. In Sweden, Besam, one of the world's leading automatic door producers, is using SR motors - their high torque eliminates the need for a gearbox and thus saves space.

Now Lawrenson is considering taking SR Drives into manufacturing. It already sources key electronic components for its licensees and may within a year or so begin producing one or two motors on a modest scale.

Two leading US companies, General Electric and Hewlett-Packard, are using SR drives independently of the Leeds company in some of their products. Lawrenson takes their involvement as a compliment: "We don't mind, it authenticates all that we've been saying for the past 20 years."

## How to disable a virus

Researchers in the UK unveiled a new approach to vaccination at a medical conference in the US last month.

The scientists from Cambridge and Sheffield Universities and Cantab, a Cambridge biotechnology company, have discovered how to disable a virus in such a way that it can activate a full immune response but not spread within its host.

The DISC (Disabled Infectious Single Cycle) approach is being developed first for herpes. By

deleting one gene (for glycoprotein H) the scientists have created a virus which is capable of only one complete round of replication but which looks normal to the host cells.

Animal studies show that the DISC herpes virus can protect successfully against infection. It induces protective immunity much

more effectively than vaccination with conventional inactivated virus.

Now Cantab plans to move on to human clinical trials, probably starting next year.

Alan Munro, Cantab research director, says the company wants to produce a vaccine against HSV-2, the virus that causes genital herpes.

It could prevent infection in the first place or it could stop the symptoms recurring in people who had already become infected.

Although there are competing technologies for making vaccines by disabling or attenuating viruses, the Cantab scientists believe DISC gives the fullest range of immune responses - and therefore the best

protection against infection. In principle, it should be possible to extend the DISC approach to vaccines against other viruses.

"We're thinking about other potential targets," Munro says. "Selecting targets is always a combination of assessing clinical need and technical feasibility."

"Unfortunately the technical problems with the viruses where the need is greatest, such as HIV, are quite substantial."

Clive Cookson

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# EUROPEAN SECURITIES MARKETS

## - The Way Ahead

London, 10 &amp; 11 May 1993

Europe's securities markets are breaking out of their narrow domestic confines. The deregulation of national market-places, the abolition of capital controls and the development of technology that bypasses rigid market structures, has brought increasing integration of debt and equity markets.

This process poses challenges for all intermediaries in the investment markets, whether broker-dealers, fund managers or stock exchanges. How will they be affected by these developments and how will they adapt?

The distinguished speakers who will discuss these and many other important issues include:

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## EUROPEAN SECURITIES MARKETS

### - The Way Ahead

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## PEOPLE

## The knife that heals

Mark Homan, head of corporate reconstruction and insolvency at accountants Price Waterhouse, is slipping on his surgeon's gloves to take up his position as the new president of the Society of Practitioners of Insolvency.

Homan is particularly sensitive to the portrayal of insolvency practitioners as corporate undertakers, and prefers to see them described as surgeons helping companies to recover. With a year behind him as the society's elected deputy president, he has had plenty of time to contemplate his plan of action.

He says he has two main priorities during his year in office: to improve the image of the insolvency profession, and to consolidate the position of the recently-created society.

"Insolvency" has been unfairly treated by the media," he says. "The press on the whole is somewhat unthinking

and uncaring in its comments. There is a touch of the journalism of envy about it."

A down-to-earth man of considerable height, he is well-equipped to take on the press, though he says his preference is to be out in the field rescuing companies. He says he will be speaking to journalists and encouraging his colleagues to do the same, emphasising the strides made by the profession after the introduction of tough entry requirements since the 1986 insolvency act.

His second priority will be to achieve close liaison with the society's regional organisations, and he places great emphasis on fostering the involvement of smaller firms.

He will have to steer a careful path to avoid sensitive issues in the relationship between the society - founded less than two years ago as a trade association and is proving increasingly active - and the insol-



veny Practitioners Association, which retains its role as a regulator and licensor.

Homan joined Price Waterhouse as a trainee accountant in 1963 fresh from a degree in industrial economics, with accountancy and law subsidiary subjects. In the late 1960s he was seconded to work with Monty Eckman, the firm's head of insolvency, and found himself effectively taking over the job shortly after Eckman died unexpectedly in 1972.

## Party time

Paul Judge, who staged a highly successful buy-out of Cadbury Schweppes food interests under the Premier Brands label, is severing his formal links with the venture capital industry to concentrate on his new task of reorganising the Tory Party.

Judge, 43, has resigned as non-executive director of Grosvenor Development Capital, the Slough-based venture capital group which featured, not always to its advantage, in the recent BBC2 Series The Adventurers.

The Grosvenor link resulted from Judge's friendship with Grosvenor's late chairman, David Beattie, from their time at Cadbury. Beattie was a one-time managing director of Cadbury's speciality foods division while Judge was group planning director.

Judge, who is also chairman of the food promotion organisation Food from Britain, led a £97m buy-out of Premier Brands in 1986. He subsequently resigned when a planned flotation did not go ahead and Premier was bought by Hillsdown, a food conglomerate, for £182m in May 1989.

Appointed director general of the Tory Party last November, Judge has since been engaged in a restructuring of the party organisation to reduce staff levels and cut costs.

## Bodies politic

Richard Ottaway MP, PPS to the secretary of state for trade and industry, has been appointed parliamentary adviser to The BALTIC EXCHANGE; he is a maritime lawyer.

Michael Johnson, recently retired head of information technology at Unilever, and a current member of the IT standards, security and quality committee, has been appointed a member of the MONOPOLIES AND MERGERS COMMISSION with reference to telecommunications.

Susan Elizabeth, deputy director of the National Council for One Parent Families, has been appointed director of grants for the KING EDWARD'S HOSPITAL FUND FOR LONDON.

Miles Middleton, a former president of the Association of British Chambers of Commerce and a senior partner of Coopers & Lybrand (north east), has been appointed a member of the RURAL DEVELOPMENT COMMISSION.

Michael Heron, chairman of the Post Office, Sir Duncan Nichol, chief executive of the NHS Management Executive, Bryan Rigby, chairman of BASF plc, Ed Wallis, chief executive of PowerGen, and Sir David Walker, deputy chairman of Lloyds Bank, have been appointed governors to

the court of HENLEY MANAGEMENT COLLEGE.

Colin Ford has been appointed director of the National Museum of Wales. Currently head of the National Museum of Photography, Film and Television in Bradford, Ford will take over in Cardiff in October when a £26m building programme has been completed.

James Roe, chairman of Equity Consort Investment Trust and of CST Emerging Asia Trust, and a director of Rothschild Trust Corporation, has been appointed a reserve member of the MONOPOLIES AND MERGERS COMMISSION.

Sir Anthony Cleaver (below left), chairman of IBM United Kingdom Holdings, has been appointed a member of the DTI's Industrial Development Advisory Board for a period of two years.

Sir Roland Smith (below right), who at one stage had a record number of directorships of public companies but has been shedding his responsibilities of late, has been appointed an additional independent director of the MEDICAL DEFENCE UNION.

Philip Davey is forsaking booze for drugs. He is leaving Allied-Lyons, where he was a director of the wines and spirits division, to become marketing director at Boots Healthcare International. The post is a new one.

At Boots, he will be responsible for the marketing strategies behind the group's new product development, as well as existing healthcare products, such as Nurofen, Strepis, Optrex and the E45 range which, in the UK, sell under the Crookes Healthcare label.

John Charlton is slowly wending his way home. After three and a half years as ICI finance director in India and two years in Brussels as chief financial officer of ICI's materials division, he is returning from Belgium to the UK with his Brazilian wife. He has been appointed controller of ICI, reporting to Alan Spall, general manager finance. He will be based at Millbank and says he has a house for sale in Altrincham, Cheshire.

Charlton, 49, replaces Ivan Marshall who is to become controller of Zeneca, ICI's soon-to-be separated bioscience subsidiary. Helmut Rader, chief financial officer of ICI Americas at Wilmington, Delaware, succeeds Charlton.

Zeneca has appointed Derek Nicholson chief financial officer of its agrochemicals and seeds division. He was previously general manager finance. Nicholson replaces Gordon Barker who becomes deputy chief executive of Zeneca agrochemicals and seeds. Barker will concentrate on wider strategic issues, but retains overall responsibility for finance.

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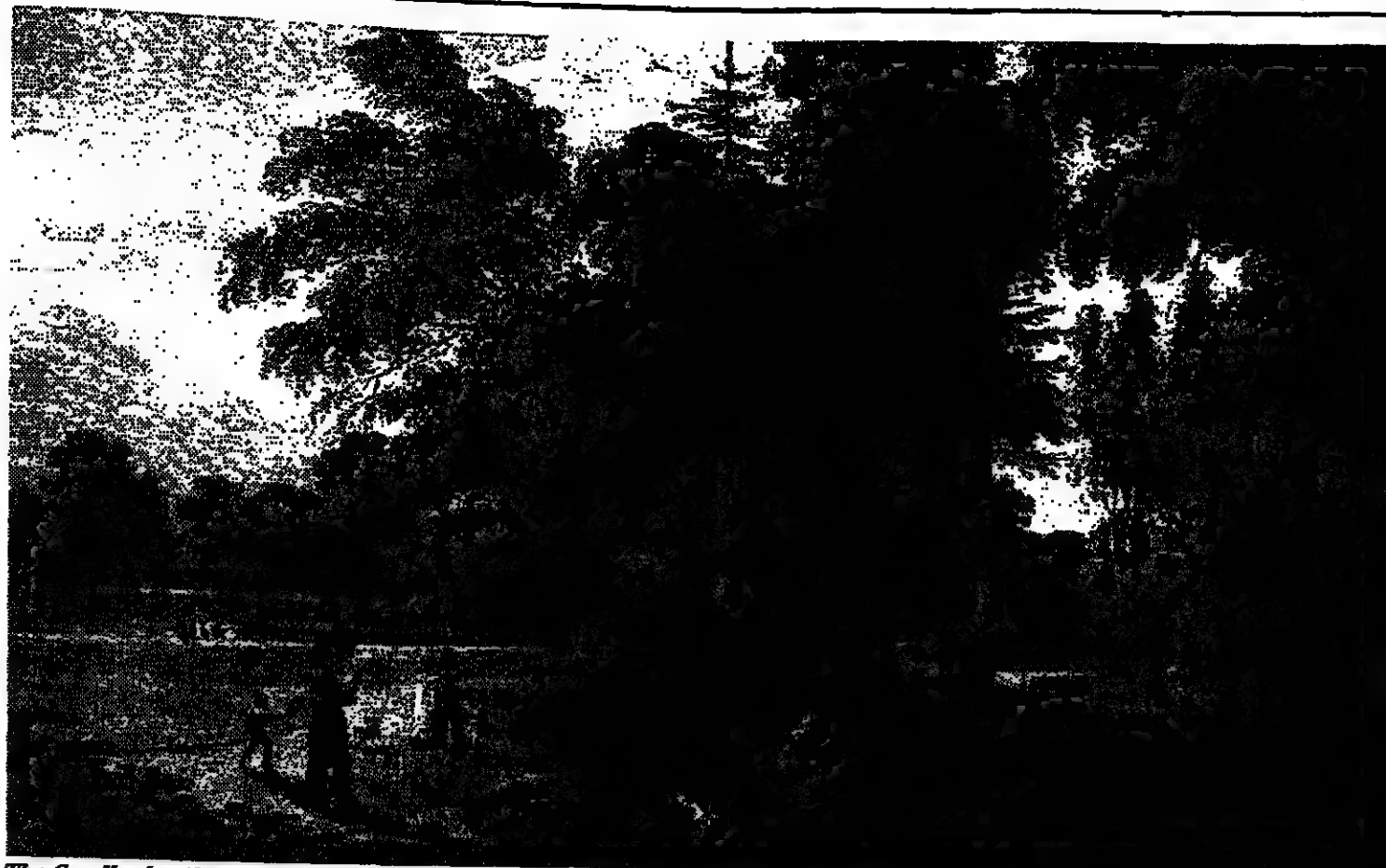
Paul Cannon has been appointed managing director of Marion Merrell Dow in the UK, with additional responsibility for Ireland, the Netherlands and Scandinavia. The promotion, from director of marketing for MMD in the UK, follows 22 years with MMD.

Ignace Goethals, director of senior vice-president of business development and biologicals at SmithKline Beecham's pharmaceuticals division, has been appointed president, SmithKline Beecham animal health. His position as director of business development has been given to Tamar Howson.

Jorge Valls, acting president, SmithKline Beecham animal health, has been appointed senior vice president and director of worldwide commercial operations of SmithKline Beecham animal health.

مكتبة التجميل





The Sandby brothers at Windsor: 'The garden of the house of the Deputy Ranger', c.1798

## Royal views of Windsor Castle

Susan Moore reviews the work of Thomas and Paul Sandby

One of the major consequences of the Queen's "annus horribilis" has been an increase in public debate about the Royal Collection. The ill-informed have been tempted to speculate that the Queen might start selling off works of art to pay the tax man. Yet a splendidly unassuming exhibition at Windsor comes as a timely reminder that the collection is growing, albeit modestly.

Since the number of paintings, drawings and watercolours is an awesome 10,000, 20,000 and 30,000 respectively, some say that the collection is big enough, while others press for contemporary acquisitions. As it happens, portraits of the current holders of the Order of Merit are in the process of being commissioned, and recent additions to the already rich holding of Sandby drawings of Windsor represent a special case.

Amid the throng of tourists gripped by the Changing of the Guard and the burnt-out shells of rooms ravaged by the recent fire, the new drawings gallery is a haven of tranquillity. It has been formed out of a Georgian Gothic lobby that led to the Grand Staircase before Wyattville remodelled the castle for William IV. A gallery has been there since the 1860s, but it

has been transformed by the designs of Alec Cobbe into an environment that is both intimate and grand. Drawings are shown to striking advantage on Gothic screens against dark burgundy damask.

As a topographical draughtsman to the Duke of Cumberland, and then Deputy Ranger of Windsor Great Park, Thomas Sandby was resident at Windsor for much of his life. His views of the castle and its environs, along with those made by or in collaboration with his younger brother Paul, constitute an unparalleled record of Windsor and the development of the Great Park in the second half of the 18th century.

Grand, showy gouaches by Paul open the show. Three out of the four are relatively recent acquisitions and, given their fragile condition, may never be exhibited elsewhere. The clarity of light and artfully casual distribution of figures in his delightful "The North Terrace looking east", suggest why Canaletto should have been so readily collected by the British - and bring to mind the gouaches of his fellow Venetian Marco Ricci.

Thereafter, we move between Paul and Thomas, and sheets that can only be read as a combination of their talents. Few works are signed and even signatures need not always tell the whole truth, but

it seems reasonably clear that the most ravishing of all the sheets, those carefully pencil-drawn and subtly washed prospects of the castle and the untroubled landscape beyond, are the work of Thomas. Their meticulous mapping of every tree, field, turn in the Thames - almost every roof tile - mark them out as the productions of the trained military topographer who was to become the first Professor of Architecture at the Royal Academy of Arts. In one masterly panorama, a sign undecipherable to the naked eye offers "Coffee and Tea" in the old guardroom.

Figures appear to have been largely Paul's responsibility. Here are one or two larger-scale studies of the personalities found in the Duke of Cumberland's household in the 1750s. Thus we find Bob Dun, one of the Duke's gardeners, "a most facetious fellow", Volous the bailiff, the steward and an unnamed negro servant. More usually, however, the figures are simply sketches, there to be busy in the Moor Garden wielding watering cans or to stand guard in immaculate and picturesque uniforms.

Even in this small selection, numbering a slim 28 sheets and representing perhaps a tenth of the collection, there is considerable evidence of unevenness. Thomas is

seen to best advantage in a series of masterly panoramas, and more modestly at work designing various rustic structures like the root house and the rockwork bridge for the Great Park. Paul is shown capable of bravura gouaches but also of a coarseness of touch which is even more pronounced beside the precision and delicacy of Thomas.

It is not easy to judge this show purely on its artistic merits, or on its historical interest. It is impossible not to be seduced by what comes across as a cloudless golden age before the castle was troubled by the Heathrow flight path and the bad weather John Piper found there during the war.

One note of high drama reminds us of the present more than the past: Paul's spectacular watercolour and gouache of "Windsor Castle on a Rejoicing Night". Shooting fireworks constricted out of flecks of gold paint light up the night sky and a massive gold and pink-tinted bonfire ominously silhouettes the Winchester Tower and sends out billowing black smoke. And the presence of a drunken man being half-carried away from the revelry suggests that Saturday nights have not really changed all that much.

The exhibition continues at Windsor Castle until October 5

### Wigmore Hall recitals/Max Loppert

## Ohana and Dutilleux

Paul Roberts's latest London piano recital, at the Wigmore Hall on Tuesday, was given in memory of the composer Maurice Ohana, who died last year at the age of 78. The tribute was richly deserved.

Born in Casablanca of Andalusian ancestry, a British passport-holder (his father had once been resident in Gibraltar) who spent his adult life in France, Ohana produced a mature compositional voice which, while not disguising the marks of his exotic upbringing nor denying the potent influences of Debussy and Falla, remained singularly and fascinatingly his own. The New Grove calls him a "fiercely independent figure" - rightly so, since he steered rigorously clear of the clichés and fashions that dominated French music in the postwar period and yet managed never to fall prey to backward obsessiveness, smallness of vision, or eccentricity.

Roberts, a noted Debussyan who became Ohana's favoured pianist in the last decade of his life, played

here six of the *Etudes d'interprétation* that Ohana wrote for him. Each of these is brilliantly written to exploit - as are Debussy's late *Etudes*, the obvious starting-point - a particular facet of pianistic technique; each transports the listener into a world of Mediterranean air, light and artistic perception, clean, sensually unashamed, on occasion brazenly harsh.

Melodic lines emerge sharply profiled, often culled with the ornate tracery of North African cantillation or Andalusian folk song. (In the most striking Study of Roberts's selection, "Main gauche seul", a sinuously weaving line for the left hand preserves its indepen-

dence through all manner of decorative impositions.) There is a constant sense of Ohana's hard-edged, non-European, sometimes jazzy vitality extending and developing the Debussy pianistic canvas.

Roberts, a superbly under-the-skin interpreter of these pieces, also played selections of Debussy, including glittering yet firmly ordered performances of three Studies, and a bold one of Falla's magnificent *Fantasia baeica*. The programme was satisfying both in parts and as a whole, above all because of the intelligence and precise sense of style with which it was delivered.

Another distinctive senior figure

of French music, Henri Dutilleux (b. 1916), figured in the recital of the Ysaÿe Quartet at the Wigmore the following evening. His 1977 string quartet - subtitled "Ainsi la nuit" (short (17 minutes), tightly packed piece - speaks the languages of Bartók and Webern yet with a highly "personal" mode of utterance.

Minute cells, flourishes pile up; the virtuosity of the string writing is remarkable both for its firmness of purpose and for its lack of ostentation. The young French quartet, who since their victory in the 1988 Evian competition have picked up an international career and a Decca recording contract, played "Ainsi la nuit" with a devotion sadly missing in their brusque, jerky accounts of Haydn (Op. 74 no. 1) and Beethoven (the F minor, Op. 96) earlier in the concert. Even their Mendelssohn A minor, more suavely disciplined, seemed oddly airless and unloving.

The Ysaÿe Quartet concert was sponsored by Banque Paribas

### Opera in Scandinavia/Paul Driver

## Ian McQueen's 'Fortunato'

Ian McQueen, though celebrated in Sweden, remains a relatively little known composer in his native Britain. Born in Glasgow in 1954, he studied at the Royal College of Music, then with Maxwell Davies and in Denmark, where his Scandinavian connections began, with Per Norgard. He wrote a one-act opera - *Judith och Holofernes* - for the season at Vadstena Castle, Sweden, in 1987. The success of this hard-hitting but lyrical piece led to a commission for a three-act opera in Swedish from Norrlandsoperan. Several years in gestation, *Fortunato* is now completing a triumphant run of (21) premiere performances at the converted fire-station in Umea which houses this most northerly of opera companies and one of the most enterprising.

Umea is a medium-sized university and medical town (average age, 35) that culturally serves an area extending up to and beyond the Arctic Circle. That it has an opera company at all, never mind one that commissions new work from foreigners, is due firstly to a central government decision of 1974 to spread artistic goodness to the regions. But Umea's specific success is the boldly imaginative spirit of its successive chiefs, Arnold Ostrman and, since 1988, Per-Erik Ohrn.

Ohrn receives a total of £3.6m in central, regional and civic subsidies, with which he stages two major productions a year and undertakes a substantial amount of touring. An all-round man of the opera-theatre he has pursued enlightened creative aims, and no-one could be less provincial in attitude. British directors such as Clare Venables (*Figaro*) and Matthew Richardson (*Midsummer Night's Dream*) have worked at Umea. Richardson returns as *Fortunato*'s director; its designer, Jon Morrell, is also British; its conductor, Gary Berkson, is American; and its librettist, Vanda Menasco-Westerhal, Italian. Ohrn's current ambition is to

expand Norrlandsoperan into a four-town federation along the lines of Opera du Rhin in Alsace, thus engendering an annual total of eight new productions for the region, which would be swapped around. Meanwhile, activity is concentrated inside the metal-fronted, unperturbed but versatile Umea building, with its shoebox auditorium seating 250 and its single admission price of £20.

At the performance of *Fortunato* which I attended the house was full, the average age half that of the town, and the final acclamation was overwhelming. Foreigners though they be, McQueen with his music and Menasco-Westerhal with her story and text have evidently found

*'Fortunato' has been a great hit for this Swedish company*

a way of speaking to their Swedish audiences with vibrant directness. So much so that the critic of one national newspaper has pleaded for this work to be chosen to open the new opera house in Gothenburg. The story, with its Peer Gynt-like protagonist and his picaresque experiences in a medieval world of sleaze, violence and opportunism has a message no doubt for the Sweden of today; but it is a thoroughly archetypal brew, susceptible of any number of interpretations, religious, sexual, political.

Both creators have been able to sustain their epic - their "comedy beset with tragedy" - without narrowing its focus to specific issues but without ever losing our interest. *Fortunato* is, in short, a true work of art, at once ambiguous and inevitable-seeming. McQueen's musical language blossoms here as never before. He is a composer who has survived early exposure to ravaging post-war stylistic complexity and

achieved a most personal and mettle directness of utterance. His manner is eclectic but not essentially allusive; he uses a great variety of means, from the tonal to the electronic, but only in order to say what he has to say, never in a spirit of irony or cultural tourism. Even when he writes for Handelian coloratura soprano, it is with the purpose of thus expressing the icy detachment of a mysterious "Woman on the Mountain" (Monica Sjöholm), not to provide a parodistic knees-up.

This and most of the other solo lines are sensitively devised for the voice. His ensembles, of which there is a generous supply, are richly textured; the *nati* finales of the first two acts have an astonishing sureness of touch, a genuinely cumulative power. His choral writing is zealous and catchy. But it is his orchestral writing that marks out the opera's high points: the extraordinary declamation for unison high violins which accompanies conscience-stricken Fortunato (confronted by Richardson in a coffin-sized box) at the outset of Act 2; the wordless love duet for the semi-supernatural couple Voland and Mariella, which has the frankness of a pop-song and the lyrical affluence of later Tippett.

If the creative team was foreign, the singing strength was powerfully Swedish. The remarkable Mikael Sellini in the title role had an easy vigour which intimated a whole new world of operatic naturalness for the counter-tenor voice. Mezzo Carina Strandberg gave us a sumptuously impassioned Mariella. Baritone Peter Mattel's Voland was simply bursting with vocal vitality and stage presence. Morrell's endlessly adaptable stony box-set was admirably assured. Berkson conducted a performance that was all fluidity, confidence, and glowing happiness. *Fortunato* simply has to be staged in Britain.

### Theatre/Malcolm Rutherford

## 'Real Time' from Israel

The Tnu-Na Theatre of Israel has arrived in Hammersmith and confirms the company's reputation for passionate intensity. The acting is also full of conviction. If you want to see writhing bodies against a musical background in a bar in Tel Aviv on the eve of the Yom Kippur war, here is the opportunity.

You may see something else besides: an excellent company groping for a play. Possibly one is too far outside the culture to appreciate them, in which case I apologise. I saw some wonderful productions in Israel last year, but my impression even then was that the Israelis have developed without producing the scripts to match. It was explained to me that the Israeli theatre suffers

from self-censorship: it is unable to write directly about contemporary questions, such as relations between Jews and Arabs and what is happening on the West Bank. What it can just about do is to write about relations between Israelis: newcomers and old hands.

*Real Time* has a shot in that direction. Almost the first line is the best. "I didn't talk for a year after I came to Israel," says a Russian immigrant working as the caretaker of Eva's Bar. He was afraid of saying the wrong thing, making mistakes in the language or generally being misunderstood. "All countries hate foreigners," he adds. The rest never lives up to that. The fact that it is set on the eve of the Yom Kippur war is about as

trite as another play on the night that Kennedy died: more nostalgia than comment. There is a lot of quite attractive sexual sleaze: four women to two slightly decrepit men. Some of it takes place on and around a lavatory bowl, prominently set backstage centre. One wondered why. If it is satire, it is heavily coded. It looks like out-moded tendentious.

Tnu-Na is Hebrew for Images in Motion. The company was founded in 1982 by Nava Zukerman who wrote and co-directs *Real Time*. If the company had a real play, it could be terrific.

Lyric Studio, Hammersmith until May 1 (081) 741 2311. Then on to Glasgow Mayfest

## Wilde's 'Happy Prince' to music

Oscar Fingal O'Flahertie Wills Wilde (1854-1900) wrote short stories. *The Happy Prince* is the subject of an enchanting musical at the Old Fire Station, Oxford. A cast of four, a small band, minimal scenery, it is the quintessence of Wilde's concept that art should aim to conceal the artist while revealing itself. It makes a fine evening: no sex, no violence, no reality.

Sue Casson's light score loosely follows Wilde's story. A statue prince and a migrating swallow help relieve the poverty of a town outside a regal palace; the swallow distributes fragments of gold and gems from the statue, pecks out its sapphire eyes to give away, and the

two fall in love as the swallow freezes to death in winter. Wilde left the moral open.

The musical flickers between Wilde's fable and musical-verité, of the *City of Angels* type, where the show draws attention to its own construction. The first number, "Warm-Up", and the later "The Tricks of the Trade" are about theatrical illusion; and since Wilde has been modernised, there are sharp contemporary jokes, including Dorothy Parker's line about running the whole gamut of emotions from A to B.

Director Tom Blackmore and the cast (John Herriman, Mina Anwar, Andrew Bolton, Sue Casson) pro-

duce strong performances, but the voices sometimes fail to meet the demands of Casson's witty, witty score. The finest numbers are the hailing "Twilight City" where the swallow circles down en route to warmer climes, and the beautiful soaring "Swallow's Lament" duet between the statue and the bird. Act two opens with a superb "The Crowd Scene" which peoples the theatre musically rather than bodily, four different melodies making the stage team live.

Andrew St George

The Old Fire Station, Oxford until April 24 (0865 794494)



Touring Japan remains a favourite activity for European and American symphony orchestras, not just because Japanese audiences are so quiet and appreciative, but because western musicians and record companies know the commercial value of the world's fastest-growing music market. But the Japanese do not confine their admiration to recording stars. Soryu Celibidache, the 80-year old chief conductor of the Munich Philharmonic Orchestra, is opposed to the recording process - as a Zen Buddhist, he believes in the divine spontaneity of the moment - but this has not stopped him becoming a cult figure in Japan. The Romanian-born conductor and his orchestra spend the next two weeks re-visiting Japan's splendid concert halls. They offer a popular programme of Haydn and Tchaikovsky tomorrow at Osaka and on Saturday at

Nagoya, before returning to Osaka on Tuesday for a pairing of Bruciner and Schubert symphonies. From April 22 to 30, they will be in Tokyo at Suntory Hall and Metropolitan Art Space, focusing on the Bruciner interpretations for which Celibidache is justly renowned.

Hot on the heels of the Munich orchestra will be the BBC Symphony Orchestra and its chief conductor, Andrew Davis, who begin a two-week Japan tour on May 13. After concentrating on specialist repertoire in the 1970s and early 1980s, the orchestra has once again - thanks to Davis - become a distinguished interpreter of romantic and late-romantic music. This is reflected in the tour programmes, which are dominated by Berlioz's *Symphonie fantastique*, Brahms' *Second Symphony* and Mahler's *Fifth*. Michie Koyama will be soloist in Rakhmaninov's *Second Piano Concerto* and Paganini *Rhapsody*. The tour takes in 12 cities, including Osaka (May 16), Nagasaki (May 18) and Tokyo (May 24, 25, 26).

Another BBC orchestra on tour this month is the Manchester-based BBC Philharmonic, which visits Germany and Austria with its new chief conductor, Yan Pascal Tortelier (April 20-28). The tour opens at Braunschweig, followed by Frankfurt, Stuttgart, Regensburg, Vienna, Rosenheim, Munich, Nuremberg and Augsburg. The programmes

include Elgar's Cello Concerto (Steven Isserlis), Beethoven's Violin Concerto (Igor Oistrakh) and symphonies by Tchaikovsky and Shostakovich. Georg Solti and the London Symphony Orchestra have been invited to inaugurate the new 1800-seat Stravinsky Hall at Montreux on April 26. The Swiss Lakeside resort is the orchestra's second stop on a tour that also takes in Paris, Genoa, Rome, Milan and Florence.

### EXHIBITIONS GUIDE

**BARCELONA**  
Fundacio Joan Miro Joan Miro: a centenary exhibition comprising 480 works by the Catalan Surrealist. Ends Aug 30. Closed Mon  
Museu Picasso Kasimir Malevich (1878-1935): a collection of works on loan from St Petersburg by the inventor of Suprematism. Ends June 6. Closed Mon

**LONDON**  
Hayward Gallery Georgia O'Keeffe (1887-1986): 83 works by the innovative American artist, noted for her sensual flower paintings and ability to express the vastness and grandeur of land. Ends June 27. Also James Turrell: three installations by one of the most original of contemporary American artists, known for his exploration of space and light. Ends June 27. Daily  
National Gallery 18th and 19th century paintings and drawings from Lilla. Ends July 11. Daily  
Tate Gallery Georges Braque. Ends

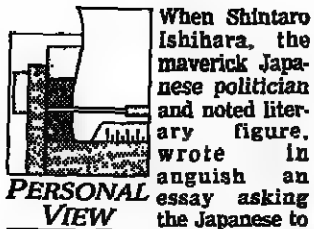
June 27. Visualising Masculinities. Ends June 6. Daily  
Royal Festival Hall David Hockney: 39 etchings illustrating Grimm's fairy tales. Ends May 9. Daily  
Courtauld Institute Boudin at Trouville. Ends May 2. Daily  
Royal Academy of Arts Georges Rouault 1903-20. Ends June 6. Daily  
Accademia Italiana Religious Architecture in the 20th century. Ends April 25. Daily  
Barbican The Sixties. Ends June 13. Daily  
**LUGANO**  
Villa Favartta 19th and 20th century paintings and watercolours from the Thyssen-Bornemisza Collection: a new display of 150 European and American paintings, representing every major style, which were not included in the transfer to Madrid of the Thyssen old master collection. Ends Oct 31. Open Fri, Sat and Sun only till June 20, thereafter daily except Mon  
Villa Malpensata Francis Bacon: the first retrospective since Bacon's death in Madrid last year offers not only a large number of his best-known works, mainly from private collections, but also youthful efforts influenced by Cubism and the Bauhaus, and an unexpected sideline in his designs for carpets and furniture. Ends May 30. Closed Mon  
**MARTIGNY**  
Fondation Pierre Gianadda Jean Dubuffet: retrospective of paintings and sculpture, paying homage to the proponents of Art Brut. In oils or acrylic, in cinders or sponge, with glued leaves or butterfly wings,

Dubuffet fought his fiery battles against suffocating culture. Ends June 10. Daily  
**NEW YORK**  
Marlborough Gallery Francis Bacon: the late work. Ends April 27 (40 West 57th St)  
Brooklyn Museum Henri to Picasso: 35 rarely seen works on paper, created between 1870 and 1940. Ends May 23. Closed Mon and Tues  
Guggenheim Museum Picasso and the Age of Iron. Ends May 16. The main museum is closed on Thurs, the SoHo site on Tues  
Museum of Modern Art John Heartfield: first extensive American exhibition of the work of the inventor of photomontage, offering some of the most powerful political art of the modern era. It includes 96 original photomontages, many shown alongside their published reproductions in the Arbeiter Illustrierte Zeitung. Ends July 6. Also Max Ernst: Dada and early Surrealism 1912-27. Ends May 2. Santiago Calatrava, Spanish architect and engineer. Ends May 18. Closed Wed  
Metropolitan Museum of Art The Greek Miracle. Ends May 23. Also The Havermayr Collection: 450 works ranging from French impressionists and old masters to Asian art and Islamic pottery. Ends June 20. Imperial Painting of the Ming Dynasty: 100 works, mostly on silk, from the Zhe School. Ends May 9. Closed Mon  
Whitney Museum of American Art 1993 Biennial. Ends June 13. Closed Mon  
**PARIS**  
Centre Georges Pompidou

Matisse 1904-17. Ends June 21. Closed Tues  
Grand Palais The Century of Titian. Ends June 14. Also Annunziata III. Ends May 31. Closed Tues, late opening Wed (ave du General Eisenhower)  
Musée d'Orsay 1893: The Europe of Painters. Ends May 23. Closed Mon, late opening Thurs (qual Anatole France)  
Musée Picasso Picasso and the bulls: paintings, drawings, sculptures and ceramics on the theme of bull-fighting, showing its life-long importance in Picasso's imagination and inspiration. Ends June 28. Closed Tues  
Petit Palais The Splendour of Russia: a thousand years of goldsmiths' work begin with objects showing Byzantine influence and end with masterpieces dazzling and precious metals, enamel and gems. Ends July 18. Closed Mon  
Galerie Gerald Piltzer Chagall: 40 works. Ends May 8. Closed Sun (78 ave des Champs-Élysées)  
**ROME**  
Galleria Nazionale d'arte Moderna Filippo De Pisis (1896-1956): still-lives and landscapes by this most attractive and sensitive of painters, seductive in his muted and delicate use of colour. The best works come from the long period in Paris between 1925 and 1939, particularly the Place Vendôme with its dramatic central column looming out of the mist, like a romanticised L.S.Lowry. Ends April 30. Closed Mon  
Palazzo Ruspoli The Boncompagni-Ludovisi Collection: 25 works from the magnificent collection of classical sculpture

put together in the early 17th century by Cardinal Ludovico Ludovisi. Ends April 30  
S. Michele a Ripa Borghese Collection: 300 paintings from the Galleria Borghese, including works by Titian, Caravaggio, Rubens and Raphael, on show in this deconsecrated church while the villa in the Borghese gardens is being restored. Ends Dec 31  
**VENICE**  
Palazzo Grassi Marcel Duchamp (1887-1968): 300 works by the witty and iconoclastic artist who abandoned serious painting in 1914, after his outrageous Nu descendant un escalier (included here, on loan from the Philadelphia Museum of Art) created a furor. Duchamp would have liked Venice as a setting: the grace of the city provides a nice contrast to the astonishing banality of his ready-made, objects carefully chosen "to avoid those things recalling an aesthetic past, or even future". Ends July 18. Daily  
Fondazione Cini From Velazquez to Muriello: 50 works, mainly religious, from the golden age of the Spanish Baroque, opening with Velazquez's splendid St Thomas, on loan from Orleans. The rest are less exciting, tending to be over-sentimental. Notable exceptions are Zurbarán's magnificent Basket of Flowers from Barcelona, and Muriello's four small works on the theme of the Prodigal Son, in a charming 17th century setting. The exhibition, sponsored by Olivetti, will not be travelling. Ends June 27. Daily





PERSONAL VIEW

When Shintaro Ishihara, the maverick Japanese politician and noted literary figure, wrote in anguish an essay asking the Japanese to learn to say "no" to America's unceasing trade demands, it touched off a storm in the US.

Many in the US display symptoms of a "diminished giant" syndrome in the face of Japan's rise as an economic superpower, just as the British did when Germany and the US emerged as rivals at the end of the 19th century. These symptoms are so severe that rational discourse about Japan has become nearly impossible.

The time has come for Japan to draw its line in the sand in response to the Clinton administration's plans to muscle its way to a new, tough-minded trade policy on Japan. This would set quantitative import shares (similar to those for semiconductors) as targets for Japanese industries and so seek "results" in place of rules.

Japan needs to say "no" to such demands, which rest on fallacious economics and are destructive of the rules-based world trading system that America's presidents have nurtured since the second world war. But this negative response needs to be combined with positive actions to establish Japanese leadership of the multilateral trading system.

The present US drive to expand "managed" or "results-oriented" trade with Japan, by setting quantitative import targets, derives from the conjunction of a false premise with an unpleasant fact.

The false premise is that Japan's persistent trade surplus is proof that its markets are closed: if manufactured goods could be sold to Japan, it is argued, the surplus would not exist.

The unpleasant fact is that the Japanese market for manufactured goods is open. It is even more open than those of the US and the European Community, both of which have made copious use of voluntary export restraints (VERs) and anti-dumping and countervailing duties, the favoured instruments of protectionists today. Japan has largely abstained from using such measures.

This combination of the false premise with the unpleasant fact implies that Japan's imports must be restrained "somehow". The Bush administration, in principle sensible in

## Japan must now say 'no'



Clinton (left) and Miyazawa: trade on today's agenda

trade matters, decided that the problem lay in Japan's unique cultural and institutional characteristics. The Clinton administration, generally temperate about trade questions, has decided that Japan is incorrigible. Its preferred solution is to impose import targets.

Yet the underlying premise is wrong. It is wrong even though President Bill Clinton embraced it in his untutored remarks about Japan at his first press conference.

Students of economics should hardly need reminding that trade barriers, as distinct from macroeconomic policies, do not determine trade balances. But this is not an argument that can be easily sold to politicians. Where abstract arguments fail, examples might work instead. A graph of Japanese trade deficits and surpluses since the second world war would show an oscillation, as is true of most countries, even though its trade policies have become steadily more liberal. Americans should also recall that the US itself ran a trade surplus for many years after the second world war, even though the US was not particularly protectionist at the time.

Japan is being unjustifiably blamed. But its acceptance of import targets in response to a charge that is flawed in conception would be a still greater folly. As the semiconductor case has shown, such targets

would be inherently arbitrary. There would also be no effective way for Japan to ensure that its private industries would fulfil them. The targets would also be seen as "export protectionism", allowing any industry with political clout to secure guaranteed shares of foreign markets.

If the US were to obtain Japanese agreement to such targets, the EC would not be far behind. Soon, Japan's trade would be governed by politics, not by competition and rules. Success with an economically powerful country such as Japan would whet the appetite for use of the same policy vis-à-vis other, less powerful countries. The practice would spread as businesses, seeking guaranteed market shares abroad, pressured a complacent administration towards ever more managed trade.

Japan needs to be firmly "rejectionist" when the Clinton administration makes a push for managed trade. It should learn from its semiconductor experience and heed the advice that if one gives way once, one will be asked to yield again. But Japan should also be positive. It should propose an international process to assess complaints of "nullification and impairment" of trade obligations. Such a procedure should serve as a substitute for the establishment of import targets in industries where the US possesses only *prima facie* com-

plaints, which it too readily treats as final proof.

The suggested process could be bilateral, as in the US-Canada Free Trade Agreement, or, better still, multilateral, as in the General Agreement on Tariffs and Trade. The process would, in turn, be available symmetrically to Japan as a complainant, a feature that is absent from the US Congress's favourite weapon: the 301 and Super 301 legislation of the Omnibus Trade and Competitiveness Act of 1988. The chance of such a role reversal would itself moderate the Clinton administration's enthusiasm for what would otherwise be one-way demands on Japan.

The GATT is the right institution because it is based on symmetrical rights and obligations among its contracting parties. The GATT has to be Japan's, and indeed the world's, ultimate defence against managed trade imposed by - and for the interests of - strong nations.

Japan's Prime Minister Kichiro Miyazawa has not, contrary to some assertions, held up the conclusion of the Uruguay Round. It was the EC's unwillingness to make agricultural concessions acceptable to the Cairns Group of agricultural exporting countries that was the main early stumbling block. At the same time, Japan has not given an energetic push towards concluding the Round either. Mr Miyazawa should use today's summit to proclaim that he is willing to compromise on opening rice markets.

Mr Miyazawa should also announce that his strategy would be to close the Round within the year and immediately have a new Round to pursue unfinished business, such as the interaction between liberal trade and environmental protection. On this issue Japan is already at the centre of the stage with its success at the Rio Earth Summit.

Japan should say "no" to the unreasonable and unwise demands for managed trade. But it needs also to say "full speed ahead" to finishing the Round, to starting a new one and to strengthening the multilateral trading system, now in severe jeopardy.

Jagdish Bhagwati

The author is Arthur Lehman professor of economics at Columbia University, New York.

## Bosnia waits for Clinton



ONLY President Clinton can stop the Serbs. If the job is impossible, at least he - and only he - is in a position to try. It is up to the United States to decide whether the artillery used against women and children in Srebrenica and elsewhere should be bombed. If - when - it does, its NATO allies will participate or acquiesce. Even the importance of the Russians may do little more than protest. If a policy of arming the Bosnian Muslims is agreed in Washington it will not easily pass through the Security Council, but in the end it too may prevail.

In such circumstances there would be much wringing of hands in London. Grey-faced emissaries would be sent to Washington. Consider the dangers, they would cry. A rational response would be: yes, we accept that the immediate result is likely to be an addition to the Serbs' stores of munitions. So be it. They are already ample. We understand the exposed position of British troops who are bravely engaged in escorting the convoys that distribute food and medical supplies and extricate refugees. Very well, withdraw the troops. We agree that the medium-term effect might be the resurgence of Russian hostility towards the west. That is a serious risk. But the murders are taking place now, on network news, at peak hours. The possible worst consequence of intervening to stop them may never happen, or can be faced.

Lady Thatcher is aware of Mr Clinton's dilemma. When she was prime minister she soothed President Reagan as her task force steamed towards the Falklands. Two election victories later she strengthened the resolve of President

Bush as he assembled his coalition in the Gulf. Thrown out, she taunted her successor from the sidelines until he evolved the plan to provide safe havens for the Kurds. Now, freed from the constraints of office, she is engaged in a passionate attempt to start a war to end the war in former Yugoslavia.

She has run her campaign on television - including for good measure, breakfast TV in the United States. We cannot yet assess the strength of her appeal to American public opinion, but a fair assumption is that her clarity and evident strength of character will have won her at least some converts, especially in a week in which most of the world has been horrified by TV pictures of dead, dying and wounded youngsters. As to British opinion, the evidence is that there was support for her view before she uttered a word; it can only have increased since she spoke.

Her intervention this week has been magnificent. It has forced us to ask ourselves, "where do I stand?" My answer is: "full of dread, trembling at unpredictable consequences, but in the end bravely and bravely on the side of giving the Muslims the means with which to defend themselves."

For the former prime minister is right. We must not accept that no military counterforce can be deployed when a gang of warriors, acting in the name of national identity, commits every atrocity, every slaughter, in order to gain *lebensraum* on European soil. If we do, we are nothing.

It should be admitted at once that there is compromise and perhaps self-delusion in this stance just as there is falsity in

the British government's pretence that a "lightening noose" of sanctions will force Serbia to accept the Vance-Owen plan. For there is no serious call anywhere - not in the White House, not in Lady Thatcher's message, certainly not in Downing Street - for the deployment of active British or French or American troops on the ground. We may give the Bosnian Muslims the arms they need and we may risk our pilots in air strikes, but that, rightly, is as far as we are prepared to go.

It is for this reason that we should consider the "do nothing" option before rejecting it. The case runs like this: short of a huge expenditure of outsiders' lives there is no power on earth that will prevent the Serbians from winning. There is no justification for piling up body-bags containing West European and American young men and women by taking one side in an ancient Balkan conflict. Such wars occur all over the world. They always have and always will. The greatest saving in human life will be achieved by standing aside and allowing the national victors to achieve their ambitions in the swiftest possible manner.

That case was best put when hostilities first broke out. If there were to be injustices then, they would at least be the consequence of actions by the parties directly involved. The case was weakened when, at German insistence, Croatia was recognised. It was further diminished when, driven by public opinion, the arms embargo was imposed. That favoured Serbia, which commands the great bulk of the

former Yugoslavian military force, plus equipment. The "do nothing" argument was finally destroyed by the "humanitarian aid" initiative, which assigned the task of assisting in-chief to ethnic cleansing to the United Nations.

The initial American response, which was to regard the entire conflict as a European responsibility, allowed the European Community to blunder in, wreaking almost as much havoc with its unenforceable good intentions as the former Yugoslavs managed to create on their own. We outsiders are already involved. It is too late to pack up and go home.

This is not to say that Mr John Major's approach is, as Lady Thatcher implies, contemptible. The prime minister and the foreign secretary are painfully conscious of their responsibility for the safety of British troops. A parable related to me at second hand has Sir Peter Harding, the chief of the defence staff, warning the Cabinet of the logistical difficulties of sending troops to the Balkans. Mr Major is said to have leaved back and remarked "you have thrown a grenade in my lap." I cannot vouch for the anecdote, but its spirit reflects the prime minister's legitimate and understandable concerns.

Lady Thatcher would not have responded thus. So what? A petty squabble between the present and former leaders of the British Conservative party is insignificant when set against the screaming emergency in Bosnia. Mr Major is doing the job he is out out to do. That does not embrace leadership of the Nato alliance or the western world. For such a task it is necessary to catch the public mood, or correct it. It is up to Mr Clinton to pick up the challenge, or deflect it with better arguments than have yet been put.

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

### Accomplices to Bosnia massacre

From L. Hatfield.

Sir, At last a leading political figure has come out publicly saying what many of us feel ("Thatcher attacks Hurd on Bosnia", April 14). Since the Bosnian crisis began, more than a year ago, we have seen a totally pusillanimous lack of response from this government - one excuse after another to do nothing. Yet to do nothing in the face of the daily overwhelming evidence of genocide is to be accomplices to this massacre.

To deny people the means to defend themselves is utterly unbelievable. We have the means to do much, yet we do virtually nothing - and absolutely nothing that works. Picking up the wounded, maimed and tortured people of Bosnia after the Serbs have done their worst is not an adequate response. We have a moral duty to do more, much more. Seldom can there have been such a blindingly obvious case of right and wrong.

What has this government done? We have a silence from John Major, a vacuous smile that echoes his total lack of policy across the board and will in this matter. And we have a foreign secretary, Douglas Hurd, whose utterances are truly disgusting, and a "defence" secretary, Malcolm Rifkind, who sees scoring debating points as a substitute for action.

L. Hatfield, 13 Armitage Court, Slough, Berkshire

### Print claim

From Mr Colin Stanley.

Sir, Your attention-grabbing headline, "Printers win 3.7 per cent rise" (April 14), hides the true facts.

Since national negotiations in this industry broke down on February 26, our member companies have been free to effect their own settlements in line with their own level of affordability. After six weeks of campaigning by the GPMU print union, only 30 printing companies have "settled" at the level of the union's latest standard claim. There are several thousand other printing companies where no such settlement has been reached. Indeed, of those settlements recorded by the federation, more than two-thirds are below the level of the union's so-called "minimum terms of settlement".

Colin Stanley, director general, British Printing Industries Federation, 11 Bedford Row, London WC1R 4EX

### EBRD: striking a wrong chord and reluctant to lend

From Mr Peter Beddowes.

Sir, We have learned to live with many of the excesses of the "conspicuous consumption" society over the years, but the latest outbreak at the European Bank for Reconstruction and Development strikes a really inappropriate chord in these difficult times ("Spend-ing at the European Bank", April 13). Such examples of apparent gross abuse of money supposedly destined for aid and re-development bring the whole process of international aid and development into question yet again.

It is particularly sickening for those of us who are conscientiously and carefully trying to help in the rebuilding of eastern Europe. For example, for the price of half a marble wall, Ashridge has provided in-depth management development for more than 200 top and senior managers from Czech and Slovakian companies and supported them in turning their visions into practical business plans and actions. The work is funded on a shoe-string and thus, for example, can involve travel across Europe by road in order to save travel funds. Perhaps in future the bank might like to offer any spare seats in its executive jets to support development efforts like ours!

Peter Beddowes, dean, Ashridge Management College, Berkhamsted, Herts HP4 1NS

From C.R. Peer and M. Costello.

Sir, We refer to your timely article drawing attention to the low level of lending by the EBRD.

Many of our contacts in the Ukraine are convinced that the

EBRD does not really wish to assist the Ukraine to develop its economy. Their conclusions are based on:

● The reluctance of the EBRD to allow this republic to sell the products where it has a real economic advantage - eg agricultural produce and steel - in the EC;

● The extreme difficulty in obtaining loans from EBRD.

We have already had meetings with the director of two Ukrainian factories which have had dealings with the EBRD and which feel that the bank has not given them any assistance. Indeed, in the case of the Black Sea Shipyard in Nikolae, according to your article "Old ways dull the call to a new Ukraine" (January 5), the EBRD justified its refusal to make loans to the shipyard on the grounds that Mr Yuri Makarov, the yard's director general, did not wish to build oil tankers instead of aircraft carriers; this cannot be true as the yard was already building oil tankers of 45,000 tonnes dead weight and Mr Makarov pointed this out to us on our subsequent visit to his yard.

It appears that the EBRD is insisting on unrealistic conditions in particular on total privatisation at breakneck speed, before agreeing to make loans. If it maintains its present inflexible and bureaucratic approach, we fear that its over-zealousness will exceed its loans for many years to come.

C.R. Peer, Maritime House, M. Costello, Costello Trading Consultants, Suite C, Office 6, The Priory, Ryegate Heath, West Sussex RH16 3SU

### GEC is also on British Rail's track

From Mr Douglas Gadd.

Sir, In his letter, "BR should use leasing finance to buy British" (April 13), Mr Hugh Bayley MP says that ABB is the only British company that has the ability to produce modern aluminium bodied railway carriages.

This is incorrect. GEC Alsthom is currently building aluminium bodied trains for British Rail. These trains are being supplied to Network SouthEast where priority is being given to replacing old rolling stock.

GEC Alsthom does not itself manufacture aluminium body shells, which represent only about 10 per cent of the cost of the trains, preferring to source these from outside suppliers, including ABB's factory located in Mr Bayley's York constituency.

If GEC Alsthom secures orders for either InterCity or Network SouthEast trains, ABB will be given the opportunity to compete for the supply of body shells and other equipment. On the other hand, if British Rail asks ABB to supply new trains, GEC Alsthom will offer to supply traction drives and power supplies which ABB does not manufacture in the UK.

Like Mr Bayley, I am hopeful that British Rail will soon be allowed to acquire new rolling stock to help underpin the future of the British Rail transportation manufacturing industry. Douglas Gadd, GEC Alsthom, PO Box 70, Mill Road, Rugby, Warwickshire

### 'Guaranteed' means one thing and one thing only

From Mr David Butler.

Sir, In her article "Guarantees: are they worthless?" (Finance and the Family, April 3), Scheherazade Dameskhlu looked at building society "promises" and concluded that many were either worthless or meaningless.

The loose manner in which "guaranteed" has been scattered about financial advertising has also given us some concern here at National Savings. We pride ourselves that we pioneered non-risk, guaranteed rate products when we introduced National Savings certificates as far back as 1918. Ever since then we have used the word "guaranteed" to mean one thing and one thing only - interest rates fixed and

unchangeable for a specified period of time.

This is how we apply it in relation not only to savings certificates, but also capital bonds, children's bonus bonds, yearly plan and the recently revived first option bond.

The use of the term to mean a rate differential above another variable rate account (usually paying very low interest) is, in our view, a debasement of the language of finance.

Its use in relation to products where the interest rate is fixed but the capital is not guaranteed is also disturbing. The various different meanings assigned to the term can only serve to confuse and may actually mislead savers, who may

be bewildered enough already as the institutions play musical chairs with their products.

National Savings will continue to use the term "guaranteed" in the single sense of rates which are fixed for at least a year. We believe that doing a service to the public if they were to standardise their own usage to mean fixed rates offered on capital secure products for a set period of time.

David Butler, director of savings, National Savings, Charles House, 375 Kensington High Street, London W14 6SD

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# FINANCIAL TIMES

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Friday April 16 1993

## G7 response to Yeltsin

IF NOTHING else, the two-day meeting of finance and foreign ministers of the group of seven industrial countries in Tokyo has underlined the West's interest in Russian reform. But the G7 can only propose. It now must wait to see how Mr Yeltsin fares in the referendum due on April 25. Unhappily, even this seems unlikely to resolve doubts about Russia's willingness and ability to implement radical reform.

The immediate question, however, is how much of the announced offer of \$43bn is new. The answer is that there is less than meets the eye, since it consists mainly of known commitments from institutions like the World Bank and the International Monetary Fund.

One relatively new ingredient is an innovative \$3bn IMF loan facility to help Russia start to curb inflation and the budget deficit. There will also be a \$300m small business development fund mainly financed by the European Bank for Reconstruction and Development. Meanwhile, the US, Japan and the UK have announced what seem to be additional bilateral loans of \$4bn. Nevertheless, most elements were well known. Some, notably the \$15bn debt relief agreed earlier this month, will add no new resources, since Russia was failing to service its debts in any case.

The second question is whether offers of assistance are in the right form. In a recent report, the United Nations Economic Commission for Europe called on the

G7 to commit itself to a long-term reform programme on the scale of the post-war Marshall plan. "One of the worst outcomes," it argued, "would be... a list of short-term measures hastily put together with a maximum of publicity."

It is far from clear that the G7 has avoided that outcome. But it has committed itself so far that it would have to go further, should that be justified by a serious Russian effort. The imaginative American proposal for a \$4bn fund to promote privatisation of large state-run enterprises may yet be agreed in coming months.

The fundamental question, however, is whether there will be a Russian programme to support. The problem is partly that there is limited agreement in Russia on either the ends or the modalities of reform. But it is also that the constitution is perfectly designed to prevent the emergence of coherent structures of authority, both within Moscow and, as important, between Moscow and the rest of this vast country.

The G7 has at least provided the moral support for Mr Yeltsin he wanted. The tragedy is that the G7 is at last showing serious commitment, as Russia sinks into ever greater disarray. Mr Yeltsin, the deputy prime minister, notes that Russia will remain unable for months in the meantime, the G7 should not forget that some other countries of eastern Europe and the former Soviet Union deserve assistance no less, although they too would be greatly helped by a successful Russian reform.

## Market power

LAST NOVEMBER'S green paper on reforming the law on abuse of market power was welcome evidence of the UK government's intention to sharpen up competition policy. There were compelling reasons for this. The government was committed to reforming restrictive practices legislation in line with EC law. Leaving the law on abuse of market power unchanged would have been inherently contradictory - and would have left UK competition policy more obviously at odds with the rest of the Community than at present.

There was also genuine concern that the present UK system was not working. It was weak on deterrence as well as slow and cumbersome. What was needed, it seemed, was what already existed at EC level: clear prohibitions, backed by substantial fines, full rights for third party redress, enforced by an agency with strong investigatory powers.

The government's announcement that it intends just to tinker with the present legislation is therefore a disappointment. It has been persuaded by industry that the costs of complying with a prohibition-based system, together with the uncertainty it would create, would outweigh any benefits to the consumer.

There is some merit to the uncertainty argument. The handful of European decisions and court judgments on abuse of market power underline the difficulty in drawing lessons from the application of the EC's prohibition

regime. Industry is right to be concerned about the prospect of being fined for behaviour which at the time it was undertaken was believed to be legal. But the argument on the cost of compliance has been overdone. Most companies of a size to be caught by abuse of market power laws are active in Europe, and have already borne the costs of introducing sophisticated competition compliance programmes.

The government's decision will leave the UK increasingly isolated in Europe. Brussels has recently indicated that in future it intends to leave run-of-the-mill competition cases to national authorities. Its condition for this exercise in subsidiarity is that EC states should adopt competition regimes based on EC rules. Most member states have already done so. Britain runs the risk of being the odd one out.

This may not matter in the short term, but in the long run could affect its ability to influence other areas of Community competition policy. Along with Germany and France, Britain is used to making itself heard in Brussels on such matters as EC merger policy. That will be harder to do if it is out on a limb. Meanwhile, if the government's present approach is to be effective, the Office of Fair Trading will have to take a more pro-active role in rooting out abuses of market power. For that, it will require more than the extra powers which the government seems for the moment inclined to grant.

## Italy's big bang

FOR SEVERAL months now, next Sunday - when Italians are called on to vote in eight referendums - has been virtually the only fixed point in a rapidly disintegrating Italian political universe. Not surprisingly, therefore, politicians and the media have seized on the occasion as the starting point of a new era. It is no good imagining, however, that the following days will reveal a ready-furnished political landscape. Whatever the voting figures, the scene next week will resemble the scene this week. The parties and the men who dominated Italian politics since the second world war have been demolished. New ones have yet to emerge.

Most of the eight questions on the ballot papers are best described as populist-nihilist. The one that comes nearest to expressing the popular mood is that which seeks to end state subsidies to political parties - and may thereby drive them to rely even more in future on unorthodox sources of funds. But the one that is seen as providing the key to Italy's political future is that which would replace, for two-thirds of the seats in the upper house, the traditional party-list proportional electoral system with a British-style majority one.

All parties have now rallied to this proposal, which in the present atmosphere may be enough to sink it. But if it does pass with a thumping majority, as expected, it is assumed that parliament will feel obliged to enact the same system for the lower house, too, and

that new elections would then soon be held.

The effect of such a change in "normal" times would be to give an overall majority to the largest party - until now, always the Christian Democrats. In these abnormal times the outcome is much harder to predict, but one effect would almost certainly be to increase the strength of parties whose support is regionally concentrated, such as the Lombard League, thereby increasing the danger that Italy will fragment.

Whatever the electoral system, democratic politics require strong parties with clear programmes; and effective government will probably require constitutional as well as electoral reform. An upheaval as revolutionary as that now sweeping through Italian politics calls for an elected assembly with a mandate to revise the constitution, while day-to-day affairs are managed by a broad-based caretaker government under a non-party figure commanding general respect. Mr Giuliano Amato, the current prime minister, can hardly be that figure, though he has done a remarkable job considering the circumstances.

Meanwhile the investigation into corruption, and into the even worse allegations now surfacing against veteran political leaders, must be carried through. When the full truth is known there may be a case for clemency. But the Italian people would be rightly intolerant of further attempts to keep any part of the truth a secret from them.

Four years after the fall of the Berlin wall, western industry has still not quite made up its mind about eastern Europe. The opportunities are plainly there. But, as most of the pioneers have found, so are the problems.

An excellent case study is provided by one of the most successful of these pioneers, the Swiss-Swedish electrical engineer Asea Brown Boveri. ABB now controls about 20 companies across eastern Europe, mostly former state monopolies. They make money, if not yet enough to cover the cost of buying them. They employ some 20,000 people in the region. In five years, ABB aims to double that.

Talking to those employees today produces a striking story of a clash of cultures: one driven by production, the other by marketing and finance. In the old socialist system, says the head of ABB's Hungarian operation, "people had no feeling for money". But the system also produced a proud tradition of engineering. ABB's new workers were mostly eager to embrace western techniques of management, if only to secure their jobs in a capitalist world. When it came to their technical skills, they were less ready to be pushed around.

The German head of ABB, Lutzus Chemnitz, an engineering firm based in the Czech city of Brno, says: "You need to be sensitive to what people have done for the past 25 years, which is to be good engineers. The second in command at ABB's Prague head office, an Americanised Czech, puts it more bluntly: "You can't just say 'wake up guys, everything you've been doing is crap; let's start from the beginning'."

But the implied antithesis between eastern engineering skill and western business methods is essentially false. ABB's western managers agree in their respect for the technical competence produced by the old system. But when it came to advanced technology, ABB's new eastern companies had nothing to offer. Even the turbines and switchgear they turned out were mostly old-style ABB products made under licences signed in the old communist days.

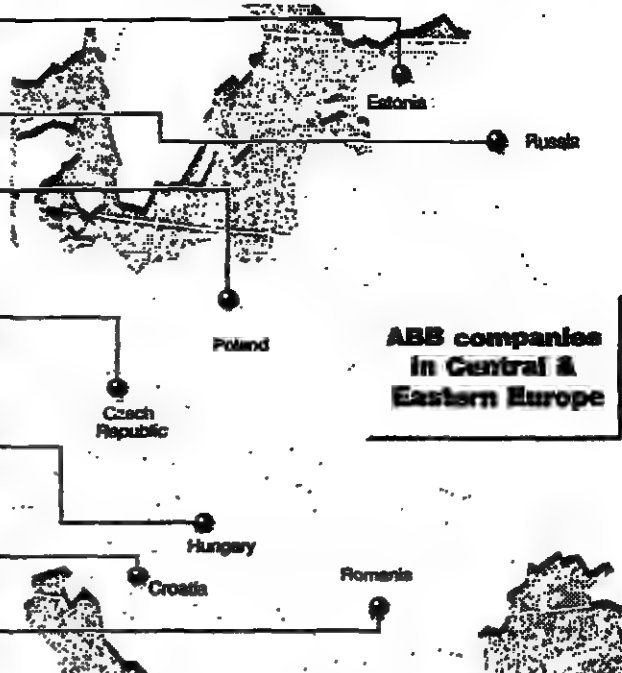
Updating that technology took time. "From the beginning," says a director of ABB's Polish business, "our approach was to transfer the software first, the hardware second. We began with a lot of training, for instance in marketing and sales. Then we started the technological transfer. You don't give a kid an expensive toy before he knows how to play with it."

There was a similar gap in factory management. A Polish manager at

Tony Jackson examines the challenges facing ABB's engineering ventures in the former communist bloc

## Pioneer looks east for profit

ESTONIA		Employees: 30
ABB Harju Elektr	Installation	
ABB Põhik Estonia	Environment	
RUSSIA		Employees: 600
Several joint ventures		
POLAND		Employees: 8,400
ABB Zamech	Turbines	
ABB Defel	Generators	
ABB Defel	Drives	
ABB Eia	Transformers	
CZECH REPUBLIC		Employees: 6,600
ABB Chemprojekt	Process engineering	
ABB ZPA	Protection relays	
ABB PBS	Switches & turbines	
ABB EBF	Medium voltage switchgear	
HUNGARY		Employees: 700
ABB Lang	Turbines	
ABB Szerviz	Service	
ABB Energiz	Network control	
CROATIA		Employees: 450
ABB Power Plant	Turbines	
ROMANIA		Employees: 1,700
Energoperati	Power plant service	



ABB's huge Zamech plant, at Kibing in northern Poland, recalls the old days. "We were extremely centralised here. We had one manufacturing plant for everything, with one manufacturing director in charge. Every product was designed in one central design office: turbines, ship's propellers, gearboxes. In one process office, they prepared production sheets for marine products and turbines. We had central purchasing. We had huge overheads. It was a stupid way of doing things."

By another quirk of the system, Zamech had to take raw materials in huge bulk simply to ensure supply - "minimum deliveries of 10 tonnes of a raw material, even when we needed only 20kg," the manager says. Since ABB took over in 1991, inventories have been slashed from over 200 days' sales to less than 80. The factory area, meanwhile, has been halved for the same level of output.

The ABB revolution involved other sensitivities. Mr Pavel Olech-

nowicz, chief executive of the Zamech plant, says: "We can change at the top quickly, and we can then educate the shop floor through training programmes. The big problem is those in the middle."

Significantly, Mr Olechnowicz comes new to the job. Shortly before the ABB takeover, the Zamech workers' council decided to get rid of the old chief executive and elect a new one. Mr Olechnowicz was plucked from the humble job of foundry manager to run the whole plant. "I find it easier to change my mentality than some of my colleagues," he says. "I had limited experience of the old system."

Others are less fortunate. Across ABB's eastern empire, one meets senior managers who are clearly struggling to adjust. These men had spent their lives working their way to the top of huge organisations, responsible not just for output but for social life and the surrounding infrastructure. They are now mere production managers, subject to

whippersnappers at head office who are young enough to master the new skills of finance, marketing and the English language.

But at least the whippersnappers are mostly local in origin. The alternative, imposing western management, seems more problematic again. One of ABB's Hungarian managers spent some months working for a Hungarian-Italian joint venture, and did not relish the experience. "There were 40 Italians in charge, with 40 interpreters," he says. "No decision could be taken without at least two Italian signatures. They didn't trust their own staff." He draws a blunt conclusion. "Foreign managers don't understand the Hungarian way of life. The workers don't accept them."

Local sensibilities can be offended in other ways. An example much quoted in Hungary is the 1980 takeover of the lighting manufacturer Tungstam by General Electric of the US. The deal proved disastrous, with GE sinking \$500m in a venture

which is still heavily loss-making. More important for GE's local reputation, it was also obliged to axe 18,000 jobs from a workforce of 28,000.

ABB has proved more adroit. Its method was to negotiate in advance precisely how much of the business it wanted to take on. The ancillary services, down to the works canteen, the barber shop or the haulage business, were left with the state or hired off to management buyouts. Manufacturing employees, from top management down, were picked individually by interview. As an ABB executive puts it, "we don't take the lazy ones, or the ones who are set in their ways. We leave them to the state."

It might be asked what ABB gets in return for all this effort. That involves a strategic question which goes to the heart of the whole issue of investment in eastern Europe. Is ABB there to develop the local market, or to switch production from its high-cost plants in the west?

Mr David Hunter, the American president of ABB's Polish operation, says: "Originally, much of the idea was that Poland could become the Taiwan of Europe. That's still part of ABB's thinking. But as we get smarter about the Polish market, we see the potential here."

What Mr Hunter has in mind is the rebuilding of Poland's infrastructure, its power industry in particular. "In power generation, if you include the modernisation of obsolete plant and cleaning up the rest, there's 10 or 20 years of business."

Who will fund that is another question. The problem, Mr Hunter says, is Russia. "There's a big black hole to the east of us, and if nothing is done about it that could be catastrophic. In that context, Poland has a very low priority. The soft loans from the west will go clear over our heads."

Ultimately, ABB clearly still hopes to switch some production to the east. The process will be slow. With the power generation industry still in recession worldwide and ABB's western plants suffering from idle capacity, now is not the time to make matters worse.

Despite that, it is hard not to be impressed by the high spirits of ABB's eastern management. They have seen the western future, and it works. ABB's western competitors might also ponder a simple fact. ABB Zamech made a net profit margin in 1991-92 - on ABB's accounting principles - of some 9 per cent on about \$100m of turnover. Next year's margin is expected to be higher. If that can be achieved when the region is in chaotic transition, ABB could be on to something.

A supermarket's detergent is leaving the market leaders on the shelf, writes Guy de Jonquieres

## Sainsbury cleans up

IN a few consumer markets is the battle for shelf space as ferocious as in household detergents, and in fewer still are the protagonists as powerful as Procter & Gamble and Unilever. The two companies dominate the business in most countries except Japan and spend huge sums on research, product development and marketing.

But recently an upstart has contested their supremacy in Britain's \$800m-a-year laundry detergents market, where their combined share of more than 80 per cent is among the highest in the world.

The success of the new arrival, Novon, not only challenges recent trends in the detergent industry; it could herald a serious long-term threat to the market power of P&G and Unilever.

The Novon range was launched last autumn not by a manufacturer but by J. Sainsbury, the grocery chain, which sells a fifth of all detergents bought in Britain.

Sainsbury says Novon, which undercuts prices of established brands by as much as 25 per cent, now accounts for more than a quarter of its total laundry detergent sales by volume, a fifth of basic powders and 40 per cent of concentrated powders and liquids.

Own-label products are common

in many grocery lines and provide two-thirds of Sainsbury's total sales. However, they have made few inroads until now in detergents, partly because P&G and Unilever have invested heavily to support their brands. Last year, they spent about \$280m on advertising in Britain.

Since the mid-1980s the two companies have further raised the competitive stakes through sharply increased investment in technology and new products. Persil, Unilever's flagship brand, which was available in only two versions a decade ago, now comes in 25.

Sainsbury knew it was taking on daunting odds. It had already launched an unsuccessful own-label line, Wash and Care, in the late 1980s. It tried again, it says, because it was keen to widen the chain's strong brand image beyond food sales - and because of the juicy profit margins available on detergents.

This time, the company left little to chance. Novon is its most ambitious product development and involved unusually extensive market research. However, the 18-month programme cost less than

\$2m, a pittance by the standards of P&G and Unilever.

Sainsbury began by analysing why Wash and Care had failed and concluded it had underestimated the importance of product features such as particle size, colour and fragrance. These were given much closer attention in the new range. Novon was chosen from a short-list of 20 names drawn up by an outside agency, while a design consultancy was brought in to develop packaging intended to evoke the imagery of P&G's Ariel and Unilever's Persil.

To ensure uniform quality and regular delivery, production of Novon was entrusted to a single manufacturer - believed to be McBride, a BP subsidiary. Though backed by less than \$200,000 in newspaper advertising to date, Novon has been strongly promoted in Sainsbury stores, where it is displayed separately from competing products.

Publicly, P&G and Unilever profess not to be worried by Novon - though both have recently responded with leaflet campaigns warning against "cheap imitations". Privately, they have good reason to be concerned.

Novon's success shows that, for all the companies' recent emphasis on high-technology and rapid product innovation as competitive weapons, the detergent market remains open to new entrants with clever research and development budgets. "Though P&G and Unilever may obtain an advantage from a new idea for a short period, everyone will be working on it. These are areas where patenting is difficult," says Mr Michael Rosen, Sainsbury's director of non-foods and Novon's main sponsor. "Some of Unilever's raw materials suppliers are independent, so we can get supplies."

An even more delicate problem for the two companies is how to gauge their commercial response. They cannot afford to unleash the full force of their market power against Sainsbury, because it is no ordinary competitor - it is also their biggest and most powerful UK customer. "It is obviously a complex relationship to manage," admits Mr Andrew Seth, managing director of Lever Brothers, Unilever's British detergents subsidiary.

The growing power of supermarkets generally has obliged P&G and

Unilever to tone down their formerly high-handed approach to the retail trade. These days they, and other big manufacturers, talk of the need for constructive co-operation and a relationship of equals.

However, Mr Rosen does not sound like a man in a mood to compromise. There are already too many detergent brands on supermarket shelves, he says, and manufacturers are "storing up a lot of trouble for themselves" by flooding the market with new products. "Someone will have to decide on storage space," he says, adding pointedly: "Retailers are making decisions today that they would not have felt strong or courageous enough to make five years ago."

Novon, of course, has increased the squeeze on shelf space, while its sales success promises to strengthen Sainsbury's bargaining power with P&G and Unilever by countering the power of their expensive supported brands.

For the moment, the big detergent manufacturers are watching and waiting to see whether their precocious new rival stays the course. If it does - and if its example is emulated by other supermarkets in the UK and the rest of Europe - P&G and Unilever may have to fight much harder to remain the consumer's choice.

## Flagging enthusiasm

Reconciliation is in the air in the Anglo-French fishing dispute. French fishermen have sent the Royal Navy a flag to replace the one they burned.

Observer can exclusively reveal that Admiral Sir Benjamin Bathurst, the First Sea Lord, has been sent a new Union Jack by Jean Le Boucher, president of the Basque-Normandie regional fisheries committee.

The original from the patrol craft HMS Blazer, mistakenly reported at the time to be a White Ensign, was set alight during a protest in Cherbourg marina on March 28.

The new one will be given to Blazer's commander, who is expected to frame it for display rather than assign it to the flag locker. However, sensitivities are still raw enough for the Navy to have decided against publicising the French gesture. Gossip-style headlines might just set tempers ablaze again.

## Up to the job

Yesterday's annual meeting of British Petroleum and the turn-out of the company's top brass raises a mischievous question. Does BP's new board contain both Britain's tallest footballer and its shortest? (Lord Ashburton, the chairman) and its shortest (John Browne,

managing director of exploration)? You wouldn't know it from BP's annual report, careful picture cropping has been a great leveller. But Observer is certain that the BP board is living testimony to the fact that height is no guide to ability.

## Designer meals?

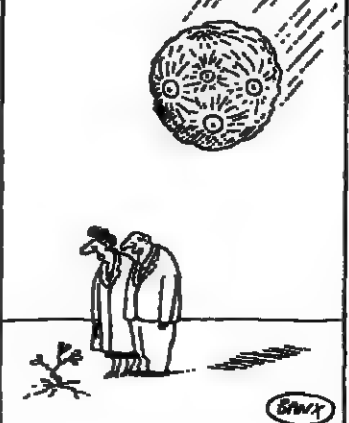
Why does Design Minister Baroness Deighton have a camping stove and pull-along frog in her office? This tempting question opens a DTI press release which crossed Observer's desk yesterday. Maybe the baroness just never knows when she's going to have to cook lunch.

## Pique time?

Judging by Lady Thatcher's performance this week, the former prime minister's ability to catch the public mood is as uncanny as ever. But is her high-level access to world leaders just as assured? Certainly, she can still pull the big crowds on the international lecture circuit, and her schedule in Warsaw, where she spent one of her Foundation's offices tomorrow, sounds as hectic as ever. But there is some surprise that President Lech Walesa is not on the Thatcher list.

True, the Polish president tends to go home to Gdansk at weekends. But he still likes to receive foreign big-wigs at his shipyard in order to underline Poland's industrial

## OBSERVER



possibilities. Indeed, Lady T popped in there during her 1988 visit, much to the consternation of the ruling communists.

But it's understood that Walesa is too busy to see the Iron Lady this time round. A sign that she - or Walesa - are past their prime?

## Scottish clones

Giving Lord Younger the chairmanship of the four main investment trusts in the Murray Johnstone stable may be good for Scotland Inc, but what message does it send to small shareholders? Lord Younger is a decent chap.

A former secretary of state for Scotland and Tory party big-wig, he is starting to make his mark in business as chairman of the Royal Bank of Scotland. Since quitting politics, he has been acquiring a portfolio, such as directorships of Scottish Equitable Life and Murray Johnstone Holdings itself, that one has come to expect of Scotland's establishment financiers.

Murray Johnstone, controlled by the four trusts Lord Younger chairs, does not put its fund managers on the boards of the trusts it manages. So the non-execs can theoretically fire the managers. True, the arguments are tangled because firing the managers would damage the trust's investment in the management company.

Even so, having the same chairman and several of the same non-execs sitting on the different trust boards as well as the parent of the fund manager, seems a trifle incestuous especially when investment trusts are trying to sell themselves to small shareholders as independent companies.

One investment trust chairmanship should have been quite enough for Lord Younger. Or is it a case of the more the murrayer?

## Unsung hero

It is hard to imagine a fund manager as a heroic figure, but Robert Cottrell, who used to pen this column, has fingered one in

his book on The End of Hong Kong. John Greenwood, chief economist of the GT fund management group, gets a special mention in dispatches for his sterling work during a particularly nasty run on the Hong Kong dollar ten years ago. Local shops had begun posting signs that they would accept only US dollars and nobody had much of a clue how to solve the crisis.

No one, that is, apart from Greenwood who just happened to have published a paper on "How to rescue the Hong Kong dollar", which he had already circulated to economists like Milton Friedman and Alan Walters. One Saturday afternoon, at the height of the crisis, he was invited to the Hong Kong monetary affairs department to discuss his plan. Greenwood came away thinking that he hadn't convinced the officials of his case.

However, a few days later HK followed his advice, pegged its exchange rate, and the HK government won all the credit. "For my money Greenwood deserved a knighthood," says Cottrell, who is already researching his next tome, a biography of President Mitterrand.

## Marble halls

From the vaults of an anonymous commercial bank comes this topical snippet: "Knock, knock" "Who's there?" "Attali" "Attali over the top".











## INTERNATIONAL COMPANIES AND FINANCE

## Ilva outlines plans to cut debts and raise earnings

By Haig Simonian in Milan

ILVA, the Italian steel group controlled by the IRI state holding company, yesterday outlined long-awaited restructuring plans to lower its debts and restore earnings.

The news came as Ilva announced a L2,399bn (\$1,460bn) loss for 1992 on sales of L10,087bn, down from L10,923bn the previous year. In 1991, the group lost L5,041bn after minority interests and after setting aside L411bn in extraordinary gains in a restructuring fund. Net debts rose to L7,583bn last year.

Although financial details of the restructuring were not revealed, it is clear the proposals, to be submitted to the European Commission by the end of this month, could

prompt a clash with officials and big European steelmakers. Ilva crossed swords with the Commission over two capital increases, amounting to L650bn, authorised by IRI. The opening of a formal procedure by the Commission has been postponed pending details of the restructuring.

The plan envisages the creation of a company specialising in flat laminates. Although IRI will be sole shareholder, it will aim gradually to lower its stake below 50 per cent. IRI gave no indication as to who might invest in the new company, yet to be named, beyond saying it would be open to joint ventures or disposals to Italian or foreign steelmakers. Other Ilva operations, not deemed to be strategic but which cannot be sold immedi-

ately, will be handled directly by IRI.

IRI said further details of the project were still being assessed by a joint Ilva-IRI committee. However, even in its skeleton form, the plan already bears a strong resemblance to that which marked the liquidation of Finisider, the former Italian state steel group, in the late 1980s. Finisider's most attractive operations were coded to the newly-created Ilva, while IRI took on much of Finisider group's heavy debts.

In January, IRI shocked Italy's political and industrial establishment by announcing the resignations of Ilva's top management and appointing Mr Hayao Nakamura, a senior Nippon Steel executive, as its new managing director.

## Daf blames bankers for company's collapse

By Ronald van de Krol in Eindhoven

DAF, the Dutch truckmaker which collapsed under the weight of its debt in February, yesterday said it had been pushed into receivership by a "minority" of unnamed bankers who demanded up to 10 weeks to study the company's last-ditch restructuring plan drawn up in January.

Mr Cor Baan, chairman of the "old" Daf as well as of the successor company which was formed last month, also said it was "particularly unfortunate" that the company's bankers had demanded that Daf's attempt to form a strategic partnership with Mercedes-Benz of Germany in 1992 should include a form of equity participation.

Mr Baan, who was speaking at the company's extraordinary shareholders' meeting, said: "This limited the freedom to develop alternative scenarios."

The meeting, which lasted nearly six hours, was dominated by Mr Baan's explanation of the company's fortunes since its merger with Leyland, the UK commercial vehicle maker, in 1987.

It was also marked by angry recriminations from shareholders who have been told that they will receive nothing for their shares, as well as by criticism from Daf employees who lost their jobs when the company was revived in slimmed-down form in March.

The new company, Daf Trucks, includes the core of the old company's operations in the Netherlands and Belgium but excludes the UK operations, Leyland Daf.

Daf released figures for 1992 showing that its net loss narrowed to Fl 257m (\$143m) from Fl 385m in 1991, taking cumulative losses since 1990 to Fl 580m.

Mr Baan said the figures demonstrated that Daf was making progress in cutting costs when it ran into difficulties. Operating results swung into a profit of Fl 52m from a loss of Fl 98m the year before.

## Bid talk boosts Petrofina shares

By Andrew Hill in Brussels and Alice Rawsthorn in Paris

SHARES in Petrofina, the Belgian oil and gas company, rose 6 per cent yesterday morning in heavy trading on the Brussels bourse, amid speculation about a possible takeover bid for the group.

After reaching a peak of Bfr3,750 at 2pm, the shares slipped back to close at Bfr3,400, an increase of 2 per cent on the opening price of Bfr3,200.

The group's share price has risen nearly 25 per cent since Petrofina announced poor 1992 results in February, and traders have speculated that Elf-Aquitaine, the French state-controlled oil company, may be a suitor for the company.

Elf said yesterday that it owned a small stake in Petro-

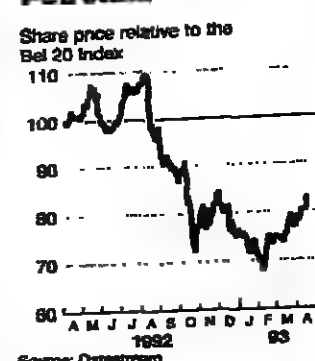
fina - less than the 5 per cent threshold for declaration - but said it had not bought stock in yesterday's heavy trading, which saw turnover reach nearly 74,000 shares.

The group said it held the shares as a financial rather than an industrial investment, and as a means of maintaining a presence in the north European market.

Petrofina is in the process of strengthening its defences against a takeover. However, the company says this is not a reaction to recent speculation, but the implementation of plans mapped out after Belgium reformed its stock exchange rules two years ago.

The group hopes to improve the transparency of its share register by making it obligatory for investors to declare stakes of over 3 per cent. It

## Petrofina



Source: Omelette

The share price of Petrofina, one of Belgium's largest quoted companies, suffered last year after doubts were raised about the group's investment in the Ekofisk oil field, and investors realised that the group's main divisions - refining and marketing, and petrochemicals - were both experiencing a downturn. The stock fell from a high of Bfr11,750 in May to Bfr7,000 in mid-October.

In practice, however, it would be impossible to bid for the company without the support of Belgium's two largest holding companies, Groupe Bruxelles Lambert, which controls some 28 per cent, and Société Générale de Belgique, which owns a further 11 per cent.

Consolidated profit at Petrofina dropped by 72 per cent last year, to Bfr4.6bn (\$155m).

## Banking raises Dutch insurer

By Ronald van de Krol

INTERNATIONALE Nederlanden Groep, the Dutch banking and insurance group, said net profit rose by 6.5 per cent to Fl 1,68bn (\$933m) in 1992, as a strong increase in banking profits more than compensated for a slight decline in insurance results.

In banking, ING saw an 11.9 per cent rise in pre-tax profits to Fl 1,05bn and a strong increase in international lending, which was up more than 25 per cent over 1991.

ING's insurance operations faced depressed results in non-life and reinsurance activities, though life insurance developed favourably. Overall, pre-tax profits from insurance dropped by 1 per cent to Fl 1,14bn. In early 1993, the company said it was withdrawing from general reinsurance of large risks, such as ships, aircraft and natural disasters.

The 1992 dividend is to be raised 3.6 per cent to Fl 3.20 per share, with a choice offered between payment in cash or preference shares.

The group's results were at the upper end of analysts' forecasts, and ING's shares closed up Fl 0.70 at Fl 65.30.

ING said it would be reorganising and simplifying its top management. It would also change its valuation principles this year.

One of the changes will mean that the costs of acquiring life insurance policies will be deferred and amortised. If these and other changes had taken effect in 1992, net profit would have been about 9 per cent higher.

## Property sale behind Holvis profit rise

By Ian Rodger in Zurich

HOLVIS HOLZSTOFF, the Swiss non-wovens and paper distribution group, revealed yesterday that its 8.3 per cent rise in net profit last year to Sfr33.7m (\$23.1m) was made possible by an Sfr9m net extraordinary profit on the sale of a property.

The sale more than offset the slump in profits from operations caused by a Sfr12m loss at Sodoca, the group's French subsidiary. Sodoca, the

company with which Holvis first began its diversification into the non-wovens business in 1968, lost orders from a large customer early in 1992 due to the inadequate quality of part of its production.

Mr Pedro Reiser, chief executive, said there had been some dismissals and Sodoca was expected to return to profit next year.

Holvis forecast that its net profit - this year would rise despite higher investment and development costs

for non-wovens activities.

The group, which removed all restrictions on foreign ownership of its shares last year, said 44 per cent of its shares were now held by foreigners. The British Rail pension fund, with 16 per cent, and Mercury International Investment, also of the UK with 10 per cent, were the two largest.

Alainasse-Lonza, the Swiss aluminium group, plans a one-for-10 rights issue. The price of the new shares will be revealed on April 28.

## Fortis dampens sale speculation

By Andrew Hill in Brussels

FORTIS, the Belgian-Dutch banking and insurance group, yesterday tried to dampen speculation about a likely reshuffle of its banking assets in Belgium.

The group, which announced a 4.4 per cent increase in net profits last year, to Ecus419m (\$513m) from Ecus402m, wants to sell part of its 14.7 per cent holding in Générale de Banque, Belgium's largest bank.

But Mr Maurice Lippens, joint chairman, said yesterday that Fortis would take its time

and did not want to "destabilise" Générale de Banque. "We believe the price [of the bank shares] today is a good price, but it still could be a little higher," he said.

Fortis - which groups together the activities of AG of Belgium and Ambev of the Netherlands - decided to reduce its stake in the bank after failing to agree terms on which it could sell its insurance products through Générale de Banque's branch network.

Société Générale de Belgique, Belgium's largest hold-

ing company and a prominent shareholder in both AG and Générale de Banque, has expressed an interest in buying the shares.

Fortis is now considering whether to bid for a stake in CGER-ASLK, a Belgian state-owned savings bank, which is part of the government's privatisation programme.

Mr Lippens said Fortis was not selling the Générale de Banque stake to raise funds for a stake in CGER-ASLK, which he described as "an outstanding example of 'bancaassurance' in Belgium".

## Cockerill posts Bfr1.4bn loss

By Andrew Hill

COCKERILL Sambre, the Belgian steelmaker, yesterday reported it had lost Bfr1.4bn (\$42m) in 1992, and said there would be little improvement during 1993. The group made a net profit of Bfr2.6bn in 1991.

The group's consolidated operating profit was only Bfr308m, against Bfr4.1bn in 1991, on turnover down from Bfr17.4bn to Bfr16.8bn. Cockerill, like other European steelmakers, has been hit by the sharp economic downturn.

## Lanvin chairman replaced after concern over costs

By Alice Rawsthorn

MR MICHEL Pietrini has been ousted as chairman of Lanvin, the French luxury goods group, just six months after the multi-million dollar relaunch of the company.

He has been replaced by Mr Louis Armand, 41, a senior executive at L'Oréal, the French cosmetics company. L'Oréal three years ago bought Lanvin for over FF400m (\$74.28m at current exchange rates) in a joint venture with Orcel, the

investment consortium founded by Mr Henry Racamier, former head of the Louis Vuitton luggage business following his defeat in the battle for control of the LVMH group.

L'Oréal and Orcel are believed to have become concerned about the cost of the relaunch and Lanvin's mounting losses. The luxury goods market has suffered severely in the world recession. Lanvin is believed to have lost FF130m in each of 1991 and 1992.

## Lyonnaise to put FF500m into Dumez

By Alice Rawsthorn

LYONNAISE des Eaux-Dumez, the French industrial and utility group which this week announced a sharp fall in last year's profits, plans to invest FF500m (\$93m) in Dumez, a troubled construction subsidiary, through a capital increase.

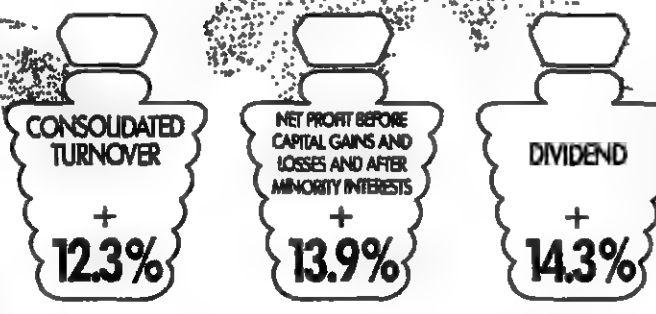
The recapitalisation, which has been triggered by the need to repair Dumez' balance sheet after its heavy losses last year, is expected to take place within the next few weeks.

Lyonnaise said yesterday that the transaction would raise Dumez' shareholders' funds to between FF1bn and FF1.5bn.

Dumez, one of France's largest construction companies, was taken over three years ago by Lyonnaise, which has extensive interests in water distribution and property.

The European construction industry has since suffered severely in the economic slowdown. Lyonnaise's construction interests, of which Dumez forms the largest part, almost doubled its losses from FF276m in 1991 to FF451m on static sales of FF45.9bn in 1992.

## L'ORÉAL



## GROWTH IN L'OREAL'S CONSOLIDATED RESULTS

	1992	% in % compared to 1991
ME = Million of € £ = Pound Sterling		
Turnover	ME 4,515	+12.3%
Profit on ordinary activities before taxation, employee profit-sharing and capital gains and losses	ME 482	+16.0%
Net profit before capital gains and losses and minority interests	ME 312	+19.8%
Net profit before capital gains and losses and after minority interests	ME 276	+13.9%
Net earnings per share and investment certificate	£ 4.75	+13.8%
Proposed dividend	£ 1.15	+14.3%

This year, as in previous years, Mr Lindsay OWEN-JONES, Chairman and Chief Executive Officer, has invited analysts, journalists and investors to L'Oréal's Head Office to announce and review the 1992 results for the L'Oréal group.

Despite a difficult international environment in 1992, L'Oréal continued to record volume growth and to increase its market shares. Group strategy remained focused on internationalisation of brands, research and development and the marketing of innovative products.

L'Oréal's consolidated turnover amounted to £ 4.5 billion, representing an increase of 12.3% compared to 1991, and 8.8% on a comparable basis, that is using identical structures and exchange rates.

Total managed sales, including sales generated by agents whose industrial and commercial activities are

managed by L'Oréal, reached £ 5.6 billion.

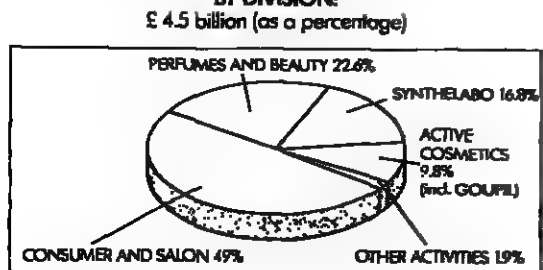
Net profit before capital gains and losses and minority interests reached £ 312 million, an increase of 19.8% compared to 1991.

As a result of a significant increase in minority interests following Synthelabo's capital increase, consolidated net profit before capital gains and losses and after minority interests, increased by 13.9% to £ 276 million.

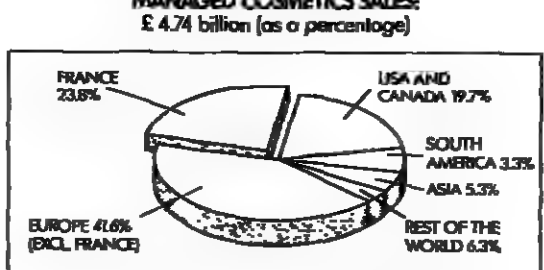
Net earnings per share and investment certificate increased to £ 4.75.

The Board of Directors of the L'Oréal group has decided to propose a net dividend of £ 1.15, an increase of 14.3% compared to 1991, at the Annual General Meeting to be held on Tuesday, 25 May, 1993. This dividend is applicable to both ordinary shares and investment certificates.

## 1992 CONSOLIDATED TURNOVER BY DIVISION



## GEOGRAPHIC BREAKDOWN OF 1992 MANAGED COSMETICS SALES



Further information on the Group worldwide can be obtained by writing to the Investor Relations and Business Information Department of the L'Oréal group, Office No. A 0403, 41, rue Marbeuf, 75117 CLICHY (FRANCE); or by fax: (33-1) 47 56 80 02; or by telex: 613 088 (PARIS).

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## FUTURES PAGER

## SCHRODER INTERNATIONAL SELECTION FUND, SICAV

Registered Office: 14, rue Aldringen, L-1118 Luxembourg  
Commercial Register: Section B no 8202

Further to the shareholders' meeting held on January 28th, 1993 during which the annual accounts of the Company could not be discussed, the shareholders are convened to a general meeting to be held on April 28th, 1993 at 11.00 a.m. at the registered office in Luxembourg, 14, rue Aldringen for the purpose of considering and voting upon the following matters:

- To hear and accept:  
a) the management report of the directors;  
b) the report of the auditor.
- To approve the statement of net assets and the statement of changes in net assets for the year ended 31st August, 1992.
- To discharge the directors and the auditor with respect to their performance of duties during the year ended 31st August, 1992.
- To elect the directors and the auditor to serve until the next annual general meeting of shareholders.
- To approve the payment of a dividend for the year ended 31st August, 1992.
- Any other business.

The shareholders are advised that no quorum for the statutory general meeting is required and that decisions will be taken by the majority of the shares present or represented at the meeting.

The Board of Directors

## GORAN CAPITAL INC.

(Formerly Pafco Financial Holdings Ltd.)

Notice is hereby given to holders (the "Noteholders") of 8% Convertible Subordinated Notes due December 30, 1993 (the "Notes") that amendments to the Notes were approved at a meeting of Noteholders held in Toronto, Canada on December 8, 1992. Noteholders are now entitled to exchange their Notes for certificates representing the Series A1 Notes, Series A2 Notes, Series B Notes, (all due December 30, 1993), Warrants (at \$3 per common share) and Common Shares (for those electing to receive Series B Notes).

Noteholders and couponholders should contact Chemical Bank, Chemical Bank House, 180 Strand, London WC2R 1EX, Telephone No.: (71) 380-5558, Fax No.: (71) 380-5963.

Those Noteholders whose Notes are held in bearer form by either Codel S.A. or the Euroclear system, must contact such institutions for instructions.

GORAN CAPITAL INC.

## KAUFHOF

Kaufhof plus Finance B.V.

Amsterdam, The Netherlands

## Can\$ 100,000,000 Collared Floating Rate Notes 1993/2003

The Rate of Interest applicable to the Interest Period from April 15, 1993 to July 14, 1993, inclusively, was determined to be 6.5 per cent per annum. Therefore, on July 15, 1993, interest per Note of Can\$ 1,000 principal amount in the amount of Can\$ 16.43 and interest per Note of Can\$ 10,000 principal amount in the amount of Can\$ 164.31 is due.

Frankfurt am Main, April 1993

Dresdner Bank

Aktiengesellschaft

Calculation and Principal Paying Agent

## Notice of Interest Rates

To the Holders of

The United Mexican States  
Collateralized Floating Rate Bonds Due 2019

NOTICE IS HEREBY GIVEN that the interest rates covering the interest period from April 15, 1993 to October 15, 1993 are detailed below:

Series Designation	Rate	Interest Amount	Interest Payment Date
USD Discount Series A	5.125 Pct. P.A.	U.S. \$20.97 Per U.S. \$1,000	October 15, 1993
DOU Discount Series	7.98625 Pct. P.A.	D.P. 81.19 Per D.P. 2,000	October 15, 1993

April 15, 1993

CITIBANK, N.A., Agent

مكتبة النجف



## Strong rebound in trading profits lifts J.P. Morgan

By Patrick Harverson  
in New York

J.P. MORGAN yesterday reported strong first-quarter earnings as a rebound in trading profits and healthy underwriting revenues helped the New York banking group recover from a disappointing final three months of 1992.

The bank earned \$432m in the January-to-March period, although that was reduced to net income of \$395m after a previously-announced after-tax charge of \$37m related to the adoption of new standards for the accounting of post-retirement benefits.

First-quarter profits were well up on a year ago, when the bank reported earnings of \$264m (although that was later restated as net income of \$178m to reflect changes in the bank's accounting of income taxes), and on the final quarter of last year, when poor trading results depressed earnings to \$260m.

The biggest contribution to the improvement came from the bank's trading business, where revenues totalled \$469m, ahead of the same quarter a year ago and the last quarter of 1992.

Both of those quarters were affected by losses on the trading of mortgage-backed securities. In this term, however, results were boosted by successes in the trading of swaps,

foreign exchange forward contracts, and global (especially European) debt securities. In a rare move for a US bank, J.P. Morgan chose not to make any loan-loss provisions in the quarter. The ratio of reserves to non-performing loans stands at about four-to-one (\$1,202m to \$299m), the highest of any leading US bank.

The corporate finance division also put in a good performance, with revenues rising 23 per cent to \$119m following strong demand for the bank's debt and equity underwriting services, both in the US and overseas. J.P. Morgan is one of only a handful of US banks allowed to underwrite securities in the domestic markets.

First-quarter profits were also buoyed by gains of \$74m from the sale of Brazilian interest bonds, which boosted net interest revenues to \$432m, and \$85m from the sale of foreign government and US Treasury investment securities.

Among other revenue sources, credit-related fees rose to \$54m, investment management earnings climbed to \$113m and operational service fees for custody, clearing and brokerage activities increased to \$116m.

Operating expenses rose sharply to \$609m, primarily because of higher performance-related employee compensation payments.

## Record quarter at Charles Schwab

By Patrick Harverson

CHARLES Schwab, the biggest discount brokerage firm in the US, yesterday announced record first-quarter profits of \$35.4m, up from \$29.7m a year earlier.

The company continues to benefit from a trend in which individual investors have moved money out of low-yielding assets and into the stock market.

Net revenues rose 7 per cent in the quarter to \$235.3m, the highest in the firm's history. Revenues from brokerage commissions climbed 5 per cent to \$143.5m, and earnings from mutual fund service fees jumped 54 per cent to \$20.6m as customer assets in the company's funds more than doubled to \$15.3bn.

The total amount of assets in client accounts at Schwab soared 43 per cent to \$73bn, with a record 183,000 new accounts opened during the three-month period.

The company's total expenses rose 5 per cent to \$174.9m in line with the increase in customer activity.

Despite the record figures, shares in Schwab fell \$2 to \$36 1/4 on the New York Stock Exchange before the close as investors took profits in a wide range of brokerage stocks, which had risen sharply earlier in the week.

Bear Stearns, the Wall Street securities house, is opening an office in Shanghai, the financial capital of China, where it will advise local companies and investors in financing. Bear Stearns is the second US securities firm to open a Shanghai office.

## American Barrick defies market trend

By Bernard Simon  
in Toronto

AMERICAN Barrick, the North American gold producer, has again defied the lacklustre bullion market by doubling first-quarter earnings.

Net income jumped to US\$46.1m, or 18 cents a share, from \$23.2m, or 9 cents, a year earlier. The per-share figures have been adjusted for a two-for-one share split last month. Revenues rose to \$144.1m from \$81.5m.

The continued surge in profits was due largely to rising production at Barrick's flagship Goldstrike mine in Nevada. Goldstrike produced 307,800 ounces in the latest period, up from 151,800 ounces a year earlier. The company ascribed the advance to higher-grade output and improved grade pushed down operating costs to \$174 an ounce from \$190 an ounce.

Barrick also continues to benefit from its active hedging programme. It realised an average gold price of \$410 in the first quarter, slightly below the previous year but still above the average Comex price of \$330 an ounce. The company said it was on track to meet its 1993 production target of 1.5m ounces. Its five mines produced a total of 354,800 ounces in the quarter.

It also imposed a ceiling on mutual loan guarantees among *chaebol* subsidiaries as part of its policy to limit the expansion of the business groups and reduce their dominance in the nation's economy.

Mr Han Lee-hwan, chairman of the Fair Trade Commission, said there was little reason to exempt Posco from these restrictions since it was the fifth or sixth-largest Korean company in terms of assets, with 20 subsidiaries.

Posco, which enjoyed strong

backing from previous governments, has come under official scrutiny recently after its founder, Mr Park Tae-joon, opposed the election of the country's new president, Mr Kim Young-sam.

The government recently launched a tax investigation of Posco for possible illegal use of company funds for political purposes. The tax audit, which has not been completed, has already forced the resignation of Mr Park and other senior executives from Posco.

## Small earthquake in US financial services

FASB rule may not be as damaging as opponents claim, say Alan Friedman and Nikki Tait

RARELY has there been an accounting rule as controversial as the decision this week by the Financial Accounting Standards Board to force the nation's banks, insurers and other financial institutions to value more of their bond holdings at current market prices.

The ruling, which takes effect with 1994 financial statements, triggered an outcry from banking and insurance industry executives, who claimed the rule would create volatility in earnings, policyholder surpluses and equity accounts.

The bankers' argument is that by forcing them to revalue their bond holdings each quarter, their financial results will become more confusing. Insurers maintain the new rule could force them to shorten the maturities of the Treasury bonds they hold.

But a closer examination of the rule shows it may not pose as much of a threat as its opponents claim.

Mr Richard Breeden, chairman of the Securities and Exchange Commission, has had nothing but praise for the new rule. He said it would clarify "the rules of the road" and lessen the number of enforcement actions needed by the SEC.

Mr Edward Markey, the Democratic member of Congress from Massachusetts who chairs the House Finance Committee, argued that had the market-to-market rule been in effect a decade ago it might have helped prevent some of the savings and loan scandals of the 1980s by giving investors a more accurate picture of bank values.

Banks have reason, at least at the political level, to be nervous about a rule that affects their Treasury bond holdings.

Since 1990, US banks have increased their holdings of Treasury paper substantially. Three years ago, such paper represented an average of 10 per cent of US bank assets; by the middle of last year, the proportion had jumped to 17 per cent, meaning that US banks held \$281bn of Treasury paper.

Politicians have blamed bankers for causing the credit crunch by reducing business lending while building up Treasury holdings.

In fairness to the banks, the trend was exacerbated by new capital ratio guidelines that acted as a disincentive to lenders, who were already wary because of the commercial property loan crisis that faced US banks between 1990 and 1992.

Mr Tom Jones, senior Citicorp executive in charge of finance, said he could see no real impact on bank earnings. But he added that one result of the new rule might be to cause banks to reduce their overall bond holdings to avoid having to reclassify the values every three months. "In a pragmatic sense I can't see why we should bother holding long-term securities at all," said Mr Jones.

Another aspect of the rule - causing banks to classify bonds as available for sale rather than as long-term investments - could force some to move from longer to shorter term bond maturities. Ms Kathleen Camilli, chief economist at Maria Florini Ramirez, the bond market analysts, noted that "many banks have already been preparing for the eventuality of having to mark to market by moving to shorter term maturities. So there should not be an inordinate volatility as a result of this rule."

Mr James McDermott, president of



Richard Breeden: said the change would clarify "the rules of the road"

Keefe Bruyette, the bank analysts, said most analysts "consider this a bogus issue because we already take into account the real market value of such holdings."

Insurers' hostility towards greater current cost accounting of their investment portfolios is just as deep-rooted. Repeatedly, the insurance community has argued it was misleading - even dangerous - to value assets at market levels, but not liabilities. Furthermore, it has protested that a considerable portion of insurers' investment portfolios were not readily marketable. "Current" valuations, therefore, will be subjective.

However, the narrower FASB ruling has prompted critics of the move to highlight two specific practical implications.

The first is that the new FASB rule

will add even more volatility to insurers' earnings. If there were to be a period of high inflation, and a sharp jump in interest rates, for example, it might even create "technical" insolvencies, requiring regulators to intervene and take over these temporarily "ailing" companies.

Second, some in the industry think that insurers will be increasingly anxious to invest in shorter-term securities to minimise their exposure to interest-rate-related volatility and improve liquidity.

The numbers involved are not small: life companies alone have assets of about \$1,700bn. About 60 per cent of this - about \$1,000bn - is currently invested in bonds, and perhaps three-quarters of that amount in longer-term bonds.

The counter-argument is that marking more of the bond portfolios to market will prove a valuable discipline, and the industry's reaction is unnecessarily alarmist.

"I think the response from the industry is way overdone," comments Mr Ernest Jacobs, insurance analyst at Furman Selz. "Some companies have effectively already adopted this treatment - and, frankly, I'd be hard-pressed to say that they've been scarred as a result."

Arguments can clearly be made from both sides of the issue. What seems clear is that insurers have more at stake in overall money terms than do banks.

But few people, opponents of the rule included, would be so bold as to claim mark-to-market is likely to trigger a financial nightmare. The main impact looks like creating still more bureaucracy for accountants.

## Upjohn ahead 9.8% despite flat US sales

By Karen Zagor in New York

UPJOHN, the US pharmaceuticals group, yesterday posted a 9.8 per cent improvement in underlying first-quarter earnings to \$198.2m from \$181.5m a year earlier. Operating revenues rose 7.3 per cent to \$932.7m from \$875.8m.

Net income, including the cumulative effect of accounting changes and other special items, was \$144.8m, or 81 cents a primary share, against a net deficit of \$85.3m, or 50 cents, a year ago.

Operating income rose to \$164.1m from \$177.8m, with a strong performance from agricultural operations offsetting a slight decline in health care.

Mr Ley Smith, chief operating officer said: "We await the resolution of the debate over the reform of the US health-

care system, confident that the strength of our product pipeline and the flexibility of our organisation will result in a respectable ongoing performance."

On Wednesday, the company said Mr Smith had assumed the responsibilities of chief executive because of the deteriorating health of Mr Theodore Cooper, Upjohn's chairman and chief executive.

Upjohn's R&D expenditure was steady at 16 per cent of sales, but the company trimmed marketing and administrative costs to 36 per cent from 37 per cent of sales.

Healthcare sales were flat in the US and up 1 per cent worldwide, with growth led by antibiotics.

However, several of Upjohn's traditional money-spinners had slower sales in the quarter.

## Gillette raises earnings before account changes

By Nikki Tait in New York

GILLETTE, the shaving and consumer products group, yesterday announced that after-tax profits rose to \$142.3m in the first quarter of 1993 before accounting-related changes. This compared with \$128.4m last year.

After a \$138.6m charge, mainly stemming from the new accounting treatment of post-retirement benefits, net profits in the first quarter of 1993 fell to \$3.7m. Earnings per share, ahead of accounting changes,

increased by 10.3 per cent, at 64 cents. Gillette also announced a 16.7 per cent increase in the company's dividend.

Gillette's first-quarter sales showed little change year-on-year at \$1.22bn. Operating profits were up by \$262.4m, a 6 per cent rise.

The company said the first quarter reflected strong blade and razor sales in the US and in Latin America, but continued weakness in Europe and expenses related to the launch of its new Gillette Series male toiletries line.

## Posco may face anti-trust rules

By John Burton in Seoul

POHANG Iron and Steel (Posco), South Korea's largest steel company, may become subject to anti-trust restrictions, a government official says yesterday.

Posco is exempt from the anti-trust rules because it is state-run. The government recently introduced regulations limiting cross-holdings among subsidiaries belonging to *chaebol*, the country's 30 biggest business groups.

It also imposed a ceiling on mutual loan guarantees among *chaebol* subsidiaries as part of its policy to limit the expansion of the business groups and reduce their dominance in the nation's economy.

Mr Han Lee-hwan, chairman of the Fair Trade Commission, said there was little reason to exempt Posco from these restrictions since it was the fifth or sixth-largest Korean company in terms of assets, with 20 subsidiaries.

Posco, which enjoyed strong

backing from previous governments, has come under official scrutiny recently after its founder, Mr Park Tae-joon, opposed the election of the country's new president, Mr Kim Young-sam.

The government recently launched a tax investigation of Posco for possible illegal use of company funds for political purposes. The tax audit, which has not been completed, has already forced the resignation of Mr Park and other senior executives from Posco.

## Texas Instruments doubles net income

By Martin Dickson  
in New York

TEXAS Instruments, the US semiconductor and electronics manufacturer, yesterday reported a more than doubling of first-quarter net income, due to strong growth in its semiconductor business.

The company reported net income of \$80m, or 88 cents a share, before accounting changes, compared with \$40m, or 35 cents, in the same period of last year. Revenues totalled \$1.88bn, up from \$1.69bn.

Profits from operations totalled \$140m, compared with \$63m. The company said this rise was "driven by faster-than-market revenue growth in application-specific products" in the semiconductor business.

The company's defence electronics business had maintained stable margins at levels that met TI's goals for return on assets, the company added. Its information technology business operated at a small loss for the quarter.

Mr Jerry Junkins, chairman, said the company expected 25

per cent growth in US semiconductor demand, 28 per cent growth in Asian-Pacific, and 13 per cent growth in Europe.

The world semiconductor market could reach at least \$70bn in 1993, up 17 per cent from 1992, and "it could go higher based on the current strength of orders in the US".

In view of this, the company planned capital spending of \$650m in 1993, about \$200m more than in 1992, with the emphasis on equipment to sup-

port the manufacture of differentiated products.

Mr Junkins said a key element of the company's semiconductor strategy was to increase the percentage of differentiated products in the portfolio, which would make its product mix better aligned with growth markets.

In the first quarter, the company's results included royalty revenues of \$94m, including one-time royalties of \$25m from previously announced agreements with personal computer manufacturers.

## CSX to take \$93m charge

CSX, the US transportation group, is to take a pre-tax charge of about \$93m, equal to \$61m after tax, to reflect restructuring costs incurred by its container-shipping subsidiary, Sea-Land Service, Reuter reports. The group said Sea-Land was taking "decisive steps to lower its costs in the challenging Atlantic trade, while further streamlining operations and functions throughout the company." The plans include the elimination of up to 600 jobs.

## The BNP Group in 1992

Net Operating Income: FRF 11,814 Million  
Net Income (Group's Share): FRF 2,168 Million

At its meeting on 31 March 1993, the Board of Directors of Banque Nationale de Paris, led by its Chairman, René Thomas, examined the financial statements for 1992, which have been audited and certified by the statutory auditors. The official results for 1992 correspond to estimates published on 5 March.

Despite an adverse environment for banking business in general, the BNP Group had net operating income of FRF 11,814 million, up 8.9 % from 1991.

Income before BNP's share of earnings of affiliates carried under the equity method fell 10.7 %, largely as a result of a substantially higher net addition to provisions for specific risks, especially on commitments to property companies.

Consolidated net income, including BNP's share in the sharply lower earnings of affiliates carried under the equity method, totaled FRF 2,387 million. Group's share in consolidated net income amounted to FRF 2,168 million.

Key balance sheet and income statement information is presented below:

Consolidated balance sheet information at 31 December			
(in billions of French Francs)	1992	1991	
Total assets	1,568	1,429	
Group customer loans	830	801	
Customer funds	866	780	
Net stockholders' equity	50.9	47.9	

Consolidated income statement information year ended 31 December

(in millions of French Francs)	1992	1991	Change in 1992	%
Banking income	39,917	37,390	1,987	5.2
Operating expense and depreciation	(28,103)	(27,062)	(1,021)	3.8
Net operating income	11,814	10,548	966	8.9
Net addition to provisions for credit risks and general risks	(8,379)	(8,083)	(296)	3.7
Income before share of earnings of affiliates carried under equity method	1,914	2,144	(230)	(10.7)
Share of earnings of affiliates carried under equity method	473	1,278	(805)	(63.0)
Consolidated net income	2,387	3,422	(1,035)	(30.2)
Group's share in consolidated net income	2,168	2,936	(768)	(26.2)

The consolidated financial statements for 1992 have been prepared according to the same rules and methods as those used in 1991. The small number of company acquisitions and disposals in 1992 have not meaningfully affected comparability of results in 1991 and 1992.

Consolidated Net Operating Income Up 8.9 %  
Despite the Economic Slowdown

The increase in consolidated net operating income reflected a 5.2 % advance in banking income, mainly on growth in net commissions, which now account for 27.7 % of banking income (25.7 % in 1991), as well as a 3.8 % increase in operating expense and depreciation, in line with the level of worldwide inflation and the increase in the BNP Group's operating volumes.

Net operating income of BNP France rose 5.4 % to FRF 6,313 million, following a 12.6 % increase in 1991.

The lending activity mirrored the worsening of the economy. Loan volume rose 3.2 % to FRF 408 billion, compared with an 8.5 % increase in 1991. Moreover, in autumn 1992, BNP chose not to compensate for the jump in cost of its short-term funds by maintaining its prime rate.

The lending spreads were maintained at the same level as in 1991, and commissions continued to grow satisfactorily. Innovative and active marketing campaigns were directed both at retail customers, with the improved Presence package, and at corporate customers, with a new network organization tailored specifically to their needs.

Net operating income of nonoperating affiliates rose 26.4 % to FRF 345 million, primarily on income realized by Compagnie d'Investissements de Paris (C.I.P.). Operating subsidiaries in France, which had to cope with generally poor economic conditions in their respective business sectors, reported satisfactory results.

Net operating income of BNP Bail Group fell only 3.6 %, to FRF 642 million. Crédit Universel Group had a 9.9 % increase in earnings, to FRF 321 million. Banque de Bretagne Group consolidated the gains derived from its successful refocusing program with an 11.3 % increase in net operating income. BANEXI Group confirmed its preminent position in the French mergers and acquisitions market.

The BNP Group's life insurance subsidiaries, which are carried under the equity method, had net income of FRF 220 million, up from FRF 127 million in 1991. Meunier Promotion, which is also carried under the equity method, had net income of FRF 75 million, down from FRF 113 million, reflecting a voluntary cut in its commitments to the commercial property sector.

After a 19.3 % increase in earnings in 1991, BNP's international network of branches and subsidiaries had net operating income of FRF 3,898 million up 20.7 %. Growth was achieved in all regions. Expressed in local currencies, net operating income was up 15 % in the Asia/Pacific region, 22 % in the Americas, 23 % in Europe, and 36 % in Africa and the Middle East.

Net Income Lower Due to Higher Net Additions to Provisions

BNP made stable net additions to provisions for specific risks, amounting to FRF 9,578 million in 1992, compared with FRF 7,430 million in 1991 - the year in which they more than doubled. This development illustrates the extent to which the economy has deteriorated.

BNP closely monitored its commitments to property companies, both in France, and abroad. Lending to property developers and brokers, which accounted for less than 4 % of the Bank's total exposure at year-end 1992, have been analyzed on a case-by-case basis, and coverage of doubtful loans - whether or not delinquent - has been lifted to 45 %.

After the FRF 443 million provision set aside on 30 June 1992 to cover restructuring of B.A.I.L., an additional FRF 118 million was added in the second half-year to cover costs incurred on the discontinuation of B.A.I.L.'s nonstrategic businesses.

Country-Risk Maintained at 57 % of Exposure

BNP made a net subtraction of FRF 1,760 from country-risk and related provisions following the sale of FRF 3.5 billion in sovereign debt. The purpose of the debt sale was to take advantage of an upturn in market prices of some Latin American paper and thus to decrease the Group's total country-risk exposure.

Irrespective of these changes, country-risk coverage has been maintained at the year-end 1991 level of 57 % exposure in all LDCs, including the CIS, and 59 % of exposure on the ten biggest LDC debtors.

Net Income Before BNP's Share of Earnings of Affiliates Carried Under the Equity Method Down FRF 230 Million, or 10.7 %

Starting from net operating income for 1992 (FRF 11,814 million), subtraction of the net addition to provisions for credit risks (FRF 8,379 million), income taxes (FRF 1,359 million), and net nonrecurring expense (FRF 162 million) leaves income before BNP's share of earnings of affiliates carried under the equity method, to FRF 1,914 million.

Group's Share in Consolidated Net Income Down 26.2 %

BNP's share of earnings of affiliates carried under the equity method amounted to FRF 473 million compared with FRF 1,278 million in 1991. This change represented a drop in earnings by U.A.P. and a smaller contribution by some foreign affiliates.

Consolidated net income fell FRF 1,035 million to FRF 2,387 million. Group's share in consolidated net income declined 26.2 % to FRF 2,168 million.

Stockholders' Equity and Net Asset Value Per Share

After appropriations of net income for 1992, and taking into the impact of the second part of the restructuring operation involving BNP's real estate holdings, net stockholders' equity rose to FRF 50.9 billion at 31 December 1992, from FRF 47.9 billion a year earlier.

Cumulative provisions and stockholders' equity in the broad sense totaled FRF 108.9 billion at year-end 1992 and represented 13.1 % of gross customer loans.

Net asset value per share amounted to FRF 613 at 31 December 1992, compared with FRF 568 a year earlier.

Dividend  
The Board of Directors will recommend that the Shareholders' Meeting on 18 May 1993 approve the distribution of a net dividend of FRF 7.50 per common and nonvoting share, representing a gross dividend per share of FRF 11.25, including the tax credit.

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Interest Period April 13, 1993  
July 13, 1993  
Interest Amount due on July 13, 1993 per GBP 100,000 GBP 1,667.29

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## INTERNATIONAL COMPANIES AND FINANCE

## Microsoft leaps 35.8% to \$243m for quarter

By Karen Zagor in New York

MICROSOFT, the leading US personal computer software company, beat analysts' expectations with a 35.8 per cent jump in third-quarter net profits to \$243m, or 80 cents a share, helped by the popularity of its Microsoft Windows and MS-DOS operating systems.

A year earlier, Microsoft earned \$179m, or 69 cents. Revenues in the three months to March 31 soared nearly 41 per cent to \$958m. Most analysts had expected earnings of about 78 cents a share.

For the first nine months, Microsoft earned \$688m, or \$2.28 a share, up 38.1 per cent from \$498m, or \$1.70, a year earlier. Nine-month revenues grew nearly 40 per cent, to \$2.71bn from \$1.94bn.

Mr Frank Gaudette, chief financial officer, said: "We have expanded core businesses, introduced new product lines and maintained our emphasis on operating efficiencies."

Microsoft has licensed more than 25m copies of its Windows operating system since its debut in 1990. Windows is pre-installed in about 60 per cent of personal computers.

Earlier, Microsoft announced an agreement to work with Compaq Computer to make personal computers which are easier to use.

## Tax uncertainty delays dividends

THREE investment holding companies in South Africa's Anglo American group - Anamint, Angold and New Central Wits - have delayed announcing results and dividends for the latest financial year due to lack of clarity over the application of a new tax, Philip Gawth reports.

Directors said dividend declarations should await clarification of secondary tax on companies introduced in South Africa's budget last month.

## Bronfman companies alter their financial relationship

By Bernard Simon in Toronto

SEVERAL senior holding companies controlled by Toronto's Bronfman family have announced a restructuring of their financial arrangements with one another.

The changes, the start of an effort to simplify their web of interlocking private and public companies, will relieve Edger Enterprises and Hees International Bancorp of contingent obligations relating to Brascan Holdings.

Brascan is a private company which holds 49 per cent of Brascan Ltd, a publicly-listed Bronfman holding company.

The changes are complex, reflecting the intricate cross-holdings and financing

arrangements within the Bronfman empire. As a first step, Edger will contribute C\$279m (US\$221.40m) of junior preferred shares to Brascan Holdings.

Edger will also have the right over five years to require Hees to buy its common share holdings in Brascan for Hees common shares or an equivalent security.

Hees, which owns C\$765m of Brascan senior preferred shares, will be released from an obligation to buy Brascan preferred shares to fund future purchases of Brascan equity securities.

Hees will also be assured of a more stable earnings and dividend flow from its investment in Brascan. The complex structure of the

Bronfman empire has made it difficult for outsiders to judge the extent of recent financial pressures on the group. This year it has disposed of some of its most prized assets, including controlling stakes in John Labatt, the brewer and entertainment group, and MacMillan Bloedel, the forestry company.

As a result of the latest changes, Edger has reduced the carrying value of its 50.1 per cent stake in Brascan. The C\$140m charge pushed Edger to a C\$298.6m loss in 1992, compared with net earnings of C\$19.4m the previous year.

On completion of the transaction, expected in early May, Hees will record a corresponding gain.

## Gannett reports \$66m earnings

By Alan Friedman in New York

IMPROVED newspaper advertising revenues helped Gannett, the US publisher of 82 daily newspapers - including USA Today - to achieve a first-quarter 1993 net profit of \$66.3m, or 46 cents a share, compared with a loss in the same quarter of 1992 of \$91.4m, or 63 cents a share.

The company's 1992 first-quarter loss occurred after \$146m of accounting charges. With these stripped out, the 1992 first-quarter net profit was 22 per cent higher

than the level a year before.

Gannett's group operating revenues grew by 7 per cent to \$844.7m year-on-year, while operating income was \$120.1m in the first quarter, some 18 per cent higher than a year ago.

Newspaper advertising revenues were 9 per cent higher in the 1993 first quarter, at \$465m. Classified advertising volume was nearly 6 per cent better in the quarter.

Signs that the US media industry is emerging from the worst of the recession were

apparent at USA Today, the popular national daily paper. USA Today's paid advertising pages rose by 29 per cent year-on-year, while advertising revenues were 21 per cent better.

Broadcasting revenues at Gannett, which includes 10 television and 15 radio stations in the US, grew by 5 per cent, to \$82.9m.

Outdoor advertising revenues, a Gannett specialty, declined by 8 per cent, to \$47.5m. This reflected in part the sale of a business in Arizona.

## Alcan stays in red with loss of \$20m

By Robert Gibbons in Montreal

ALCAN Aluminium, the Canadian aluminium producer, has fallen deeper into the red with net losses of US\$20m, or 11 cents a share, for the first quarter of 1993, compared with losses of \$15m, or 9 cents, a year earlier.

The group's first-quarter sales fell by 6 per cent to \$1.73bn, due to depressed fabricated metal prices.

The recession in Japan

affected Alcan's results. Its share of equity-accounted companies, including Nippon Light Metal, the Japanese associate, resulted in a \$2m loss, against a \$22m profit.

In Canada, where Alcan produces most of its ingot, the group's losses were substantially lower. US operations, which include primary, fabricated and rolled products, showed a small loss against a slight profit, but Brazil improved.

The European units weak-

ened, especially in Italy and France, because of the recession.

Shipments of fabricated products were down 3 per cent and average realised prices slipped 12 per cent. Ingot shipments were lower, but average prices received gained a little.

Mr David Morton, chairman, said aluminium was likely to remain over-supplied in the near term, with depressed prices. Cost reduction and productivity gains remained the top priority.

## Moody's downgrades Matsushita debt rating

By Michiyo Nakamoto in Tokyo

MOODY'S has downgraded the long-term debt ratings of Matsushita Electric Industrial, the world's largest consumer electronics manufacturer. It was one of just two Japanese companies which had held a triple-A rating from the US credit rating agency.

Matsushita's rating, as well as that of three of its subsidiaries, was downgraded to Aa2 from Aaa. The subsidiaries are MCA Funding, Panasonic Capital and Panasonic Finance.

Moody's also downgraded the long-term debt rating of MCA, the US entertainment group owned by Matsushita but not financially supported by it, to A2 from A1.

The revised ratings reflect Moody's concern about weakening fundamentals in Matsushita's core consumer electronics business. Sluggish retail demand in Japan is expected to continue to put pressure on this business, while the depressed capital expenditure is likely to hit the group's information, communication and industrial equipment businesses, Moody's said.

Japan's consumer electronics market has been further depressed by a lack of new products.

In November, Matsushita reported a 66 per cent drop in pre-tax profits for the first half of the year to March 1993.

## Australian miner to sell oil unit

NORMANDY Poseidon, the diversified Australian gold mining house, has proposed the sale of its controlling 42.8 per cent shareholding in Command Petroleum, its petroleum offshoot, to Snyder Oil, a US oil group, for A\$25.7m (US\$18.3m), writes Bruce Jacques in Sydney.

The transaction - at A\$28 cents a share, against yesterday's closing price of A\$77 cents on the Australian stock exchange - needs the approval of Command shareholders.

## Profits down at SA Gold Fields' mines despite price rise

By Philip Gawth in Johannesburg

GOLD mines in the South African Gold Fields group performed disappointingly during the March quarter, with net profits slightly lower despite a firmer gold price and successful containment of costs. After-tax profits fell to R267.4m (\$84m) from R270.2m in the December quarter.

At the operating level, however, the group improved, with operating profits rising by 9.5 per cent to R330.8m from R307m.

The quantity of gold produced was largely unchanged at 30,575kg compared with 30,661kg, but sales revenue rose to R1bn from R981.9m due to a better average gold price of R32,716 per kg, up from R31,988 per kg. Production costs fell to R21,934 per kg from 22,175 per kg.

The group results suffered, however, from a fall in net sundry revenue to R13.98m from R42.5m in the previous quarter, when the figure was boosted by seasonal dividend payments and fire insurance pay-outs.

Driefontein, the group's largest mine, had a better working quarter, with East Driefontein recovering from a poor December performance.

Mr Alan Munro, executive director, said West Driefontein had shown an improvement, "but not enough". Net profits rose to R139.7m from R137.4m.

At the Kloof mine, a good performance from the Kloof division was offset by a R10.5m operating loss at the recently-integrated Libanon division. This was the result of disruption to production caused by a fire. Mr Munro said he was determined and confident that the division would soon be paying its own way.

Fires also affected production at Deelkraal, which, in Mr Munro's words, had "a very poor quarter". A 20 per cent decline in the ore milled fed through to the bottom line, with after-tax profit falling to R3.4m from R13.7m the previous quarter. This compares to capital expenditure during the quarter of R10.6m.

The marginal Driefontein mine turned a R6m loss the previous quarter into a R3.4m profit thanks to clean-up operations. The mine is heading towards becoming a surface dump operation, in which old waste dumps are reworked to extract residual gold, and Mr Munro said the possibility of closure remained strong.

## South African bank buys Midlantic for \$15m

By Philip Gawth

FIRST National Bank (FNB), South Africa's third-largest bank, has paid \$15m to acquire the Hong Kong-based bank Midlantic (Asia).

This follows the FNB's recent purchase of Henry Ansbacher Holdings, the UK merchant bank, and its move to set up a branch in Zurich.

Mr Barry Swart, FNB managing director, commenting on the Midlantic acquisition, said: "With increasing trading opportunities between South Africa and Asia, this acquisition forms a key component of FNB's internationalisation strategy."

The primary focus of Midlantic's Asian activities is trade finance. It has an asset base of \$75m, is profitable, and has customers in Hong Kong's main manufacturing and trading industries.

FNB says Midlantic's activities will shift more towards South African trade finance than in the past.

The deal, which takes immediate effect, was paid for through the financial rand. The name and corporate identity of the Hong Kong bank - previously owned by Midlantic National Bank of Edison, New Jersey - will be changed to reflect the new parentage.

## Lippo's HK arm ahead in a year of changes

By Simon Davies in Hong Kong

LIPPO Ltd, the listed holding company of Indonesian tycoon Mr Mochtar Riady's Hong Kong empire, announced a 1.202 per cent increase in net profits to HK\$211.02m (US\$27.29m) in 1992, up from HK\$16.2m in 1991.

During the year, the group underwent heavy restructuring. It hired off the Hong Kong Chinese Bank as a separate listing, and purchased controlling stakes in four other Hong Kong-listed companies, Hong Kong China Securities, Morning Star and Hong Kong Building and Loan.

Expansion was funded primarily through the issue of new shares. Mr Li Ka-shing's Cheung Kong group was issued with HK\$300m in convertible loan stock during the year. Further equity or convertible placements were made to the Riady family, to China Resources, the mainland group, and to outside investors.

Group debt amounted to HK\$161m, compared with shareholders' funds of HK\$2.5bn, so there should be no need for further equity financing in the short-term, he said. The directors announced a final dividend of 3.5 cents a share, making a full-year payout of 6 cents, up from 5 cents a share in 1991.

## George Weston Foods up 5.6%

GEORGE Weston Foods, the Australian biscuit-maker, has declared a steady interim dividend of 9.5 cents a share after a modest earnings rise in the six months to January, writes Bruce Jacques.

The company, a subsidiary of Associated British Foods, lifted net profits by 5.6 per cent to A\$25.7m (US\$18m) from A\$24.3m on a 4.5 per cent rise in revenue to A\$502.5m. The result included a A\$623m abnormal gain from the sale of freehold properties.

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**ANNUAL GENERAL MEETING OF SHAREHOLDERS**

to be held on Thursday 13th May, 1993, at 10.30 a.m. in the "Nederlands Congresgebouw", 10 Churchillplein, The Hague, The Netherlands.

**AGENDA**

1. Annual Report for 1992.
2. Finalization of the Balance Sheet and the Profit and Loss Account together with the Notes thereto for 1992 and declaration of the final dividend for 1992.
3. Appointment of a member of the Supervisory Board owing to retirement by rotation.

The documents referred to under items 1 and 2 are open for inspection at and may be obtained free of charge from the Company, Shell Oil Company, and the head office of the bank stated under A.

The address of the Company is: 30 Carel van Bylandtlaan, 2596 HR The Hague, Tel.: 31-70-377 3395.  
The address of Shell Oil Company is: Transfer Agent, One Shell Plaza, P.O. Box 53608, Houston, Texas 77052-3608.

The nomination for the appointment referred to under item 3, listing Mr. H.F. van den Hoven first and Mr. P. van Duursen second is available for inspection and may be obtained free of charge from the Company and, on the day of the meeting, in the "Congresgebouw".

**REGISTRATION**

**A. Holders of share certificates to bearer** may attend the meeting if their share certificates are deposited against receipt not later than 7th May, 1993, at Barclays Bank PLC, London.

Information about institutions abroad at which registration may take place is obtainable from the Company.

**B. Holders of registered shares of The Hague or Amsterdam Registry** may attend the meeting if they register to do so with the Company in writing not later than 7th May, 1993.

Holders of registered shares of New York Registry who are of record may attend the meeting if they register to do so with Shell Oil Company in writing not later than 8th May, 1993.

**C. Usufructuaries and pledgees:** what is stated above under A and B regarding registration is correspondingly applicable to usufructuaries and pledgees of bearer shares or registered shares, provided they have voting rights.

**POWERS OF ATTORNEY**

Those who wish to have themselves represented at the meeting by a proxy must not only comply with what is stated above under A, B and C respectively, but must also deposit a written power of attorney not later than 7th May, 1993, at the Company, at Shell Oil Company or at the above-mentioned bank. If desired, forms which are obtainable free of charge from the Company, from Shell Oil Company and from this bank may be used for this purpose.

The Hague, 16th April, 1993  
The Supervisory Board

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Elblag, Poland

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CALOR. ROWENTA. SEB. TEFAL			
1 <sup>st</sup> QUARTER CONSOLIDATED SALES			
	1993 (FRF millions)	1993/1992 (%)	12 months rolling (%)
France	803	+ 1.7	+ 2.5
Germany	280	+ 8.6	+ 7.2
Other European countries	524	- 1.7	- 1.3
Outside Europe	356	-	- 2.6
Total	1,773	+ 1.4	+ 0.9

With constant parties, 1st quarter consolidated sales in "other European countries" would have risen by 7 %.

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**FINANCIAL TIMES**  
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## COMPANY NEWS: UK

## German side steadies RMC at £167m

By Maggie Urry

**STRONG GROWTH** in profits from Germany almost offset reductions in RMC Group's other locations to leave pre-tax profits for 1992 at £166.6m, barely changed from the previous £167.4m.

The ready-mixed concrete group has benefited from high levels of house building, reflecting immigration to western Germany and the improvement in infrastructure in eastern Germany.

RMC also announced that Mr Jim Owen, group managing director, will become executive chairman on May 1. Mr John Camden, the current chairman who has been with the group since 1982, is retiring because of ill health but will become president. Mr Peter Young, deputy managing director, will step up to Mr Owen's job.

Mr Owen said the high level of demand for housing in Germany would continue to support the operations there, although margins of 9.7 per

cent were already high. Possibilities in eastern Germany were "very exciting indeed".

Operating profits from Germany rose 36 per cent to £123.2m, making up two-thirds of the group total of £166.6m, down 4 per cent from £184.6m in 1991. The rise in profits from associates, which includes RMC's Berlin operation, from £6.7m to £14.1m, also reflected strong demand in Germany.

Figures also gained from translation at lower sterling rates. RMC uses year-end exchange rates, and the effect of the pound's fall was to add 4p to earnings per share of 31.3p (36p), down 13 per cent. Earnings also suffered through a rise in minority interests to £46.1m (£38.5m), again reflecting the strength of German profits.

The three other geographical areas suffered falls. In the UK operating profits fell 71 per cent to £10.2m (£24.9m) although turnover was only 5 per cent lower at £859.6m. In 1989 UK profits were £132m.

Mr John Cooper, head of the UK concrete operations, said since the market peak RMC had taken 352 truck mixers off the road, cutting capacity by about 30 per cent.

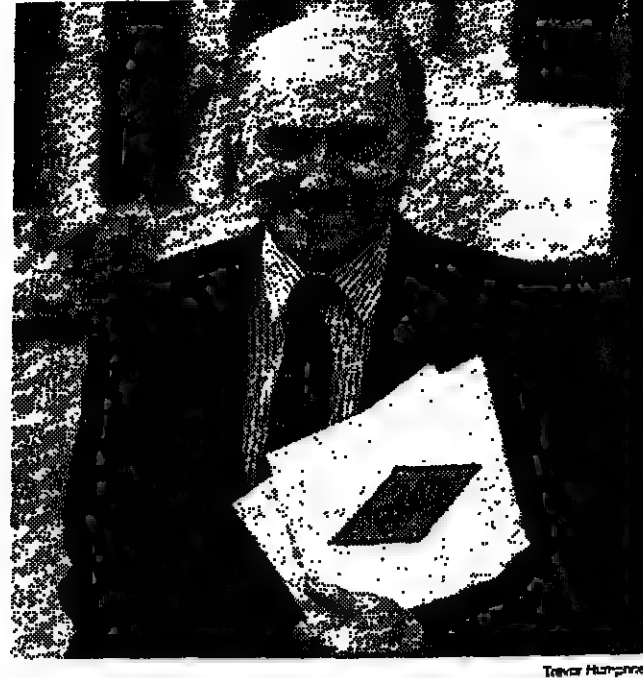
Operating profits from other EC countries dropped 28 per cent to £39.7m (£55.1m). The completion of large projects in Spain had cut volumes by 14-15 per cent and a further fall was expected in 1993. Demand in France had weakened too.

Profits from outside the EC fell to £13.8m (£14.2m).

Mr Derek Jenkins, finance director, said that gearing at 31 per cent (35 per cent) was not a problem. Interest charges of £24.4m (£33.9m) were covered 5.8 times by operating profits. He said that capital expenditure had been cut to £114.2m from £248m in 1991 and £311m in 1990. In 1993 it will be about £125m. The depreciation charge was £131.7m (£117.6m).

An unchanged final dividend of 13.4p is proposed to give a maintained total of 20p.

See Lex



Jim Owen: exciting possibilities in eastern Germany

## Laura Ashley back with £1.8m but passes dividend

By Neil Buckley

**LAURA ASHLEY**, the international clothing and home furnishings group, yesterday reported its first pre-tax profit since 1989, in spite of a management shake-up which resulted in a large operating loss in its US division.

The group, which sees itself as a "lifestyle brand" rather than a retailer, made a profit of £1.8m before tax for the year to January 30, compared with a £9.1m loss after restructuring costs last time.

Earnings were 0.34p (3.56p losses) but the company once again decided that it was "prudent" to pass its dividend.

"Whilst it's only a modest profit, it's obviously a milestone," said Mr Jim Maxmin, the American who became chief executive in 1991.

But Mr Maxmin said Laura Ashley's performance did not reflect a general pick-up in

high street sales, where he claimed the improvement experienced by some retailers was due to heavy discounting.

Turnover fell to £248m (£263m), but Mr Maxmin said this reflected the group's concentration on building gross margins rather than turnover.

A reorganisation of its US division, including cutting buying to reduce a large stock plus, led to the virtual collapse of its haphazard distribution system, and the division plunged to a £6.9m operating loss.

But Mr Maxmin insisted yesterday that the problems in the US were operational, rather than problems with the Laura Ashley brand. He was determined to bring them under control by the end of the year, using the same "Simplify, Focus, Act" formula employed in the UK and Europe.

The US loss contributed to a £2m reduction in group operating profits to £1.1m.

Profits from associated businesses also declined from £1.9m to £1.5m, reflecting the high costs of opening shops in Asia, which are carried by Laura Ashley's Japanese joint venture. But interest payments fell from £2.4m to £0.8m.

Operating profits in the UK retail business improved from £1.4m to £5.6m. A strong turnaround in the second half saw garment sales increase 3 per cent, following a 14 per cent fall in the first half. Sales in the current year were running some 30 per cent ahead of last year, Mr Maxmin said.

Furnishings sales grew in the second half for the first time since 1989, and were currently 3 per cent ahead. Sales in Europe, like-for-like sales - which exclude those in newly-opened stores - improved 12 per cent for garments and 4 per cent for furnishings.

See Lex

## Blue Circle Industries slips 4.9% to £93.8m

By Paul Taylor

**BLUE CIRCLE** Industries, the cement, central heating and bathroom products group, yesterday reported a 4.9 per cent decline in full year pre-tax profit and a sharp drop in earnings because of higher tax charges.

Mr Keith Orrell-Jones, group managing director, said the results showed BCI's "resilience during adverse trading conditions," but added "we as a board are not satisfied with them."

Pre-tax profits at the group, which has adopted the new FRS 3 accounting standard, fell from a restated £98.6m to

£93.8m on turnover which grew by 19.2 per cent to £1.37bn (£1.15bn). The 1991 pre-tax figure was previously reported as £124.2m.

After a substantially higher tax charge of £53.1m (£35.9m) earnings fell to 4p (8.6p). Nevertheless, as promised at the time of the group's £241.6m rights issue last year, the final dividend is being maintained at 7.5p, giving an unchanged total of 11.25p.

Operating profits, before exceptional costs of £11.8m (£42.1m) and net interest of £25.8m (£22.8m), fell to £131.4m (£163.5m).

Profits from the group's cement, con-

crete and aggregates businesses slipped by 8 per cent to £38.1m (£106.5m) on turnover of £611.2m (£619.8m). Although the recession in the UK hit demand and profits and the group's South African operations were sold in March, other overseas operations, particularly those in the US and Chile, increased their profit contributions significantly.

Operating profits from the fast growing home products division which had a turnover of £857.8m (£422.2m) increased to £50.2m (£51.1m) including a £12.2m second-half contribution from the recently acquired Celsius French and German central heating businesses.

The property division made an operating loss of £13.6m (£11.6m profits) largely as a result of a write-down of its 50 per cent investment in the Chafford Hundred new town project in Essex.

The £11.8m exceptional charge comprised £2.1m in reorganisation costs in the UK cement business and a £9.4m property write-down, partly offset by £59.7m in profits and provision release from the sale of businesses in South Africa and the UK.

The group's net debt was largely unchanged at £404.5m (£396.3m), representing gearing of 40.1 per cent.

See Lex

## Campari just passes £1m mark

By Catherine Milten

**CAMPARI** International, the sporting leisure wear group, saw its pre-tax profits drop to £1.1m in 1992, compared with £5.7m in the previous 13 months.

A final dividend of 8.75p maintains the total at 12p, although earnings per share slumped from 39.24p to 0.79p.

The group wrote down stock worth £2m and in future plans to write down stock by 25 per cent per season. It was hit by

the devaluation of sterling. Analysts said the write down was a response to the trend for retailers to operate just-in-time stock systems as well as the drop in inflation.

One said: "There was a time when companies could simply carry stock over, and perhaps even get away with selling it at a higher price the following year."

"With retailers turning to demand-driven, just-in-time stocking systems and inflation more stable, that just isn't on

any more," he said. Mr Kit Maunsell, chief executive at Campari, said: "We are taking a different view of the spread at which we sell stock."

Turnover rose to £54.2m (£53.7m). However, 71 per cent of sales were made overseas, and in terms of local currencies turnover was about 4 per cent below 1991.

The net interest charge dropped to £205,000 (£424,000). The company had £4m cash, but a £1m overdraft on a UK subsidiary.

## DIVIDENDS ANNOUNCED

	Company	Date of payment	Current dividend	Total for year	Total last year
Ashtree (Laura)	£m	0.1	0.1	0.1	0.1
Blue Circle	£m	7.5	7.5	11.25	11.25
Brooks Service	£m	12	12	12	12
Campari	£m	8.75	8.75	12	12
Porta	£m	4.75	4.75	9.5	9.5
Meggitt	£m	2.53	2.53	3.8	3.8
Paramore	£m	0.55	0.55	1.1	1.1
Radarmec	£m	1	1	1.5	1.5
RMC	£m	13.4	13.4	20	20
Russell (Pais)	£m	1	1	2.15	2.15
Sphere Inv Trust	£m	0.75*	0.75	3.1	3.1
Tudor	£m	0.25	0.25	0.25	0.25

Dividends shown pence per share net except where otherwise stated. \*On increased capital. \$USM stock. \*First interim.

## Accounting change at TI

By Richard Gourley

**SHARES** in TI fell 2p to 301p yesterday as the market pondered the change in the specialist engineer's accounting policies which its annual report revealed this week.

Analysts said there was also concern about the possible effect on acquisitive companies from the Accounting Standards Board's proposed changes to

fair value provisioning. TI said it had capitalised £7.7m of research and development costs in its Dowry arm. It said the policy of writing R&D off through the P&L account remained unchanged elsewhere in the group. Dowry was, however, developing new landing gear for the Airbus A330 and A340. The capitalised R&D was in the accounts within work in progress.

## GPA agrees leases for 203 aircraft

By Roland Rudd

**GPA** Group, the aircraft leasing company, yesterday said that in the 12 months to March 31 it had agreed leases for 203 aircraft, up from 161 the previous year.

Twenty aircraft had been returned because the lessee had defaulted or the lease had expired. Mr Colin Barrington, GPA's commercial director, said there had been fewer repossessions of aircraft than in the previous year.

Last year, to help lessees in difficulty, GPA rescheduled some lease rentals for periods of four to 24 months.

For the three months to June 30 1992 - the latest publicly available figures - profits from aircraft leasing fell to £11m (£7.3m) against £24m. The group said that 58 new aircraft were purchased for £1.5bn and at March 31 it had 483 aircraft in its portfolio.

## Glaxo to pay SmithKline Beecham for use of drug

By Paul Abraham

**GLAXO** and SmithKline Beecham have settled a patents dispute over Zofran, one of Glaxo's fastest growing drugs. Glaxo has agreed to pay a royalty to SmithKline Beecham for the use of Zofran in its treatments for all forms of nausea and vomiting.

Neither company would give the size of the royalty, but both said it was likely to be a single percentage figure of sales which were £183m for the last six months of 1992.

"This is a very good deal for SmithKline Beecham. The royalties will fall straight through to the bottom line," said Mr Jonathan de Pass, analyst at BZW.

SmithKline Beecham has recently been issued European patents for the use of a class of drugs called 5HT<sub>3</sub>-antagonists - of which Zofran is a member - for the treatment of nausea and vomiting associated with cancer therapy.

The agreement is particularly good for SmithKline Bee-

cham because it covers all types of nausea, including post-operative nausea. Glaxo's patents for Zofran are not affected.

Meanwhile, Glaxo yesterday sought to play down the significance of a trial suggesting that two cheap generic drugs in combination were more effective than Zofran.

The trial, published in the New England Journal of Medicine, suggested patients on the two drugs, metoclopramide and dexamethasone, had significantly less nausea and vomiting during the first 24 hours than those on Zofran.

Glaxo said the study was in patients receiving weak chemotherapy and up to 50 per cent of patients would not experience nausea anyway.

Mr James Culverwell, analyst at Hoare Govett, said all customers were looking at the cost-effectiveness of drugs. The trial suggested the two drugs might be used in preference to Zofran where weak chemotherapy was involved. Glaxo's shares closed 8p higher at 862p.

## Midland chief sold shares

By Robert Peaton, Banking Editor

**MR BRIAN** Pearce, the chief executive of HSBC's Midland Bank subsidiary, sold most of his Midland Bank shares last year for an estimated £1.3m, rather than accept the offer of new HSBC securities, it emerged yesterday.

Midland was acquired last year by HSBC. The annual report of HSBC, which also owns Hongkong and Shanghai Bank and Marine Midland in the US, discloses that in August 1992, Mr Pearce exercised options granted in 1991 to acquire 300,000 Midland Bank ordinary shares.

Of these, he sold 290,000 shares and transferred the balance to a member of his family, who accepted the HSBC takeover offer.

The annual report also discloses that Sir William Purves, HSBC's chairman, was paid HK\$10.6m (£883,000) last year, up 14 per cent on the previous year. He is the highest paid chairman of a UK incorporated commercial bank.

## BP chairman defends payment to predecessor

Lord Ashburton, chairman of BP, has defended the £1.5m package of compensation and pension payments made to Mr Robert Horton, its predecessor who was ousted in a boardroom coup last summer.

He told the annual meeting that "the figures are in absolute terms large, and perhaps larger than are easily understood". But, he said, the £780,000 paid in compensation was what Mr Horton could have expected to receive in court proceedings if the company had not agreed to pay.

Some £723,000 was also made to the pension fund to ensure his pension rights were fully funded. The board had decided it would be preferable to make the payment than draw on the fund's surplus.

## CARDIFF BAY &amp; THE BARRAGE

The FT proposes to publish this survey immediately after Parliamentary approval of the Bill sanctioning the Barrage.

Anticipated publication date w/c April 5 1993. It will be published from our print centres in Tokyo, New York, Frankfurt, Roubaix and London. It will be read by senior businessmen and government officials in 160 countries worldwide.

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Merchants House,  
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Bristol BS1 4RU

Data source: \* BMRC Businessman Survey 1990

FT SURVEYS

## Bühmann-Tetterode nv

herewith informs that a written announcement of a received notification as specified in Article 9, Subsection 1 of the Major Holdings in Listed Companies Disclosure Act is generally available at the offices of National Westminster Bank PLC., National Westminster House, Station Way, Crawley, West Sussex RH10 1JB.

Amsterdam, 16 April 1993

Board of Managing Directors

## NOTICE OF PURCHASE

**EUROPEAN INVESTMENT BANK**  
13% pound sterling Bonds of 1990,  
due April 3, 1998

Pursuant to the terms and conditions of the Bonds, notice is hereby given to bondholders that during the twelve-month period ending 3rd April, 1993, no purchases have been made in the open market for this issue.

As of 3rd April, 1993, the principal amount of such Bonds remaining in circulation was

GBP 98,500,000.-

Luxembourg 16th April 1993

EUROPEAN INVESTMENT BANK

1/2 hour	Full	Full	Full
ended	ended	ended	ended
0000	0000	0000	0000
0000	18.08	18.08	18.08
0100	18.08	18.08	18.08
0200	18.08	18.08	18.08
0300	18.08	18.08	18.08
0400	18.08	18.08	18.08
0500	18.08	18.08	18.08
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2200	18.08	18.08	18.08
2300	18.08	18.08	18.08
2400	18.08	18.08	18.08

## FLANDERS

The FT proposes to publish this survey on May 4 1993. For a full editorial synopsis and advertisement details, please contact:

Meyrick Symmonds  
Financial Times  
(Benelux) Ltd  
Rue Ducale 39,  
Hertogstraat  
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Fax: (02) 511 0472

or  
Rachel Hart  
Tel: 071-873 3225  
or write to her at:  
Number One,  
Southwark Bridge,  
London SE1 9HL.

FT SURVEYS

## BUSINESSES FOR SALE

## INVITATION

For the submission of Expressions of Interest for the purchase of the Assets of "VOMVIX, SILK INDUSTRY AND TRADE P. Svolopoulos & Chr. Kouroubis S.A." of Athens, Greece

"Εθνική Κηφισίου S.A. Administration of Assets and Liabilities" of 1, Skouliou str. Athens, Greece in its capacity as Liquidator of "VOMVIX, SILK INDUSTRY AND TRADE P. Svolopoulos & Chr. Kouroubis S.A." a company with its registered offices in Athens (the "Company") currently being liquidated under the "special liquidation" provisions of law 1892/90, invites interested parties to submit within twenty (20) days from the publication of this Notice Notarized Written Declarations of Interest for the purchase of one or more of the groups of assets of the Company as described below.

## BRIEF INFORMATION

The Company was founded in 1933 and was in operation until 1990, when it was declared under liquidation, according to the "special liquidation" provisions of L. 1892/90, as modified by L.2000/91. Its activities included the production, processing, marketing and exportation of textiles and fibres.

## GROUPS OF ASSETS OFFERED FOR SALE

Interested parties should declare their interest in the purchase of one or more of the following 5 groups of assets of the Company:

1. A cotton spinning and weaving mill in Avleiki (Fthiotida, Stydia) consisting of several buildings, of approximately 18,000 sq.m., standing on a plot of 171,450.50 sq.m., and containing machinery, mechanical equipment and stock.
2. A synthetic (nylon-polyester) and helanca fibres producing factory in Peristeri, Athens, consisting of a dyeing unit, a finishing unit and other buildings, of approximately 40,000 sq.m. standing on a plot of 34,041 sq.m. and containing machinery, mechanical equipment and stock.
3. A plot of 156,592.90 sq.m. in Enofeta, Thebes.
4. A plot of 2,013 sq.m. in Athens
5. 99 "Privileged Company of General Warehouses of Greece" Certificates, concerning goods pledged to the National Bank of Greece S.A.

## SALE PROCEDURE

The sale of the Assets of the Company will be by public tender in accordance with the provisions of article 48a of Law 1892/90 and the terms mentioned in the invitation to be published in this respect in the Greek and Foreign Press on the dates stipulated by the law.

## SUBMISSION OF DECLARATIONS OFFERING MEMORANDUM

FURTHER INFORMATION  
For the submission of declarations of interest, as well as for obtaining the Offering Memoranda for each of the groups of assets mentioned above and further information please refer to the Liquidator of the Company "Εθνική Κηφισίου S.A. Administration of Assets and Liabilities" address: 1, Skouliou str. 105 61 Athens, Greece, tel: + 30-1-3223.14.84 Fax: + 30-1-321.79.05 (attn: Mrs Marica Frangaki)

مكتبة النور



## Acquisitions help Meggitt rise to £23m

By Richard Gourlay

MEGGITT, the Dorset based engineering company, yesterday reported a 4 per cent increase in operating profits, helped by acquisitions, but a fall in earnings per share.

Operating profits rose from £24.4m to £25.3m, including losses of £493,000 from discontinued operations. Sales improved by 8.5 per cent, from £202m to £218.7m.

At the pre-tax level, profits rose from £18.7m to £23m, helped by a £3.5m swing from an interest charge to a receipt of £229,000 from the proceeds of the 1991 rights issue. This was struck after taking a higher loss on disposal of discontinued operations.



Ken Coates: improvement achieved in a difficult environment

Earnings per share fell from 6.5p to 6.0p, based on the new FRS 3 accounting standards. Stripping out the loss on discontinued businesses, earnings fell from 8.4p to 8.1p.

The board is proposing a 2.53p final dividend, giving a total of 3.78p, a 5 per cent increase for the year.

Mr Ken Coates, executive chairman, said he was very confident about the future and that the company had had a good first quarter. "We have had, and still have, a difficult environment but we have performed better than our peers," he said.

In aerospace, margins remained about the same and profits would have been almost

unchanged before acquisitions. The electronics and controls divisions reported broadly maintained profits from the energy division halved to £1.2m on sales of £45m.

The group finished the year with gearing of 14 per cent.

### COMMENT

Meggitt has been viewed warily by the market because of its failed 1990 bid for USH, its sometimes opaque acquisition policy and the 1991 rights issue. With Tweedie focusing on the provisioning habits of acquisitive companies, the market might be expected to remain cautious. But Meggitt

now looks set for a period of consolidating what it has acquired and is already showing quite considerable cash generating powers. The oil business, hit by a lower oil price, and aerospace, which will be affected in the second half by cuts at Boeing, might restrict any advances from here. But there seems little downside at current levels. The company is forecast to make profits of at least £30m this year on a normalised basis, helped by currency and the inclusion of a full year's contribution from Endevo. This gives earnings of 8.5p and a prospective multiple of an undemanding 12.

## Risky contract helps Cradley reach £1.14m

Interim pre-tax profits of Cradley Group, the lithographic printer, surged from £487,000 to £1.14m, but the result benefited from a large one-off contract in a "disappointing half year".

Mr Donald Jordan, chairman, said the period to December 31 saw a shrinking market for print, with profit margins virtually zero.

He said the one-off contract for Europe resulted in a considerable over-recovery of costs. In terms of production schedule it was a high risk contract, but the very tight schedule had been met.

The magazine printing business, he said, returned a loss of some £400,000 after tax. Sales increased to £17.7m (£13.7m). Earnings per share were 2.5p (1p).

## Alex Russell £2m in red after US withdrawal costs

By Nathalie Lemoine

THE COST of its final withdrawal from US coal production put Alexander Russell, the Scottish quarrying, concrete and coal group, into a £1.85m pre-tax loss in 1992, against a £1.88m profit previously.

A one-off charge of £2.58m related to closure of the coal operation in Southern Illinois and any foreseeable costs linked to the withdrawal.

The final dividend was passed, restricting the total to 1p (2.15p). The board hopes to return to normal dividends this year.

Trading profit was reduced from £1.72m to £228,000. Turnover fell to £36.5m (£37.6m) including £209,000 (£1.48m) from discontinued operations.

"It is the second loss in our history, which, as with the first in 1991, arose through terrible coal trading conditions," Mr Russell Nicolson, chairman, said.

The quarrying side recorded a 41 per cent decline in profit to £1.6m (£2.7m), and in concrete, profits fell to £513,000 (£805,000). However UK coal operations showed a substantial increase to £548,000.

There were signs of recovery in the company's markets. "With the closure of our loss-making US coal operations, an overall reduction of £500,000 in labour costs through early retirement and 80 redundancies, and the effects of reduced interest rates, we are confident of a return to profit this year."

Losses per share were 11.86p basic (2.59p earnings) and 8.26p (3.22p earnings) fully diluted.

## A scheme designed for better times

Queens Moat's difficulties relate in part to its incentives plan, reports Angus Foster

QUEENS Moat Houses' share suspension shocked the City last month as details emerged of the company's financial difficulties, which were partly caused by a controversial incentive scheme. But according to some managers within the scheme, problems were apparent nine months ago.

Several managers said their annual renegotiations of incentive fees suddenly became tense from last summer. The company started pushing for higher fees even though hotel revenues were falling. In some cases, Queens Moat tried to impose shorter contracts which would have squeezed hotel profitability during the quieter winter months.

One manager, who said he was treated "bloody well" during his 10 years with the company, was shocked when Queens Moat turned nasty after negotiations on fees broke down.

"They knew I was away, but they phoned my wife at home late on Sunday to say the hotel was coming out of the incentive scheme the next morning. It was not nice, especially since they were usually quite friendly," he said.

In retrospect, managers like

these were shocked but not surprised when Queens Moat's shares were suspended last month as it emerged that the company was expected to announce a loss instead of a profit for the year to December 31.

According to one manager, the incentive schemes were "fair but unscientific. No-one really knew the true story of the profits so everything was done on trust. Queens Moat couldn't have known what was going on in many cases".

The incentive scheme, which is now being partly blamed for Queens Moat's financial troubles, had been running for nearly 20 years and is remarkably simple. At its peak, the scheme covered 65 of the company's 103 British hotels, although about half have since come out of the scheme and returned to direct management.

Each manager agrees in advance their incentive fee, often equal to about a quarter of annual turnover, and signs a promissory note guaranteeing to pay Queens Moat. The fee is paid in 13 four-weekly instalments. At the end of the year, the manager keeps any money outstanding as profit or makes up any shortfall.

The scheme was designed to

give managers greater autonomy to improve their profits, as well as reduce central management overheads.

But the lax financial controls upon which the scheme thrived were to prove its downfall as recession mounted. Queens Moat appears to have

met Queens Moat's fees. "I just knew I could not achieve the levels they were asking," said another manager, who came out of the scheme last year.

By some estimates, Queens Moat may have to make provisions of up to £20m to cover

week for the company's hotel managers at the Elstree Moat House. It was led by Mr Gerald Bell, group operations director, who told managers to deny that any meeting took place if asked. Of about 15 managers spoken to by the Financial Times, none was prepared to be identified.

Despite uncertainty about Queens Moat's financial position, most managers report that trading and morale have not suffered unduly. A few managers cancelled holidays because of the crisis, some said suppliers had called to check all was well and staff have been reassured about the visibility of individual hotels.

Even managers who have since left retain a sense of loyalty to the company and to Mr Bairstow. "I made more money and ran a better hotel because of those incentives. They should have realised things were wrong earlier, but they were super people to work with," one former manager said.

"Quite a few hotels are still trading well," another manager said. "We had a successful Easter and May is looking busy. It was Queens Moat's borrowings and financial side which went wrong, not the hotels," he said.

### Queens Moat appears to have persuaded its auditors that promissory notes from managers allowed the company to book profits early

persuaded its auditors, Bird Luckin, that promissory notes from managers allowed the company to book profits early. For example, if the company signed an incentive contract for £1m in November, the full benefit of that guaranteed payment was taken in that year's accounts.

"They appear to have been using next year's profits to meet this year's forecasts," according to one manager. In order for growth to be maintained, the company needed to keep increasing incentive fees, or bring in more incentive managers.

But as the effects of recession escalated following the Gulf War, more and more managers found they could not

incentive fees which have been booked as profits but not been paid. One manager, who has since left the company, said he knew of six other managers who owed Queens Moat fees from two years ago yet are continuing to manage the company's hotels.

Since Queens Moat's suspension, a veil of silence has fallen over the company pending a report from accountants Grant Thornton, expected next month. Mr John Bairstow, the company's founder and chairman, has agreed to a request from Queens Moat's banks not to talk publicly about the situation.

A meeting was held last

## Brooks Service falls £392,000 into loss

LOSSES CONTINUED into the second half at Brooks Service Group, and for the full 1992 year the pre-tax figure was £392,000, against profits of £267,000. As forecast, there is no dividend.

Last year the group, which provides textile care and rental services, paid a total of 4.05p on earnings per share of 3.25p. Losses this time came to 1.76p.

Mr Simon Brooks, chairman, said the group faced unprecedented trading conditions and the upturn in sales usually experienced in the sec-

ond half failed to materialise. The year's turnover was £24.2m (£23.5m) but operating profits slumped to £117,000 (£1.1m).

He added that there had been tentative signs since the year-end that the group's markets were improving.

The drop in operating profit was exacerbated by restructuring costs of £208,000 (£151,000) and higher interest charges of £532,000 (£490,000). The figures have been produced under FRS 3. Last year's reported pre-tax profit was £245,000.

## Old masters sales boost Parambe

Parambe, which deals in investments and works of art, lifted its pre-tax profit from £65,000 to £114,000 in 1992. The growth in asset value - the company's principal objective - was 6.3 per cent to 60.8p per share.

Dealing income from works of art doubled to £170,000 in a sluggish market. That was largely the result of sales of

old master drawings to a US museum, which was unlikely to be repeated in 1993. However, there were further write-downs of investments in art dealers and a sharp reduction in investment income from that source.

Earnings per share rose to 1.37p (0.79p) and the dividend is again 1.1p with a final of 0.55p.

## PRELIMINARY ANNOUNCEMENT OF 1992 RESULTS

Year Ended 31st December 1992

### Financial Highlights

	1992	1991
TURNOVER	£21,161.2m	£2,797.7m
PROFIT BEFORE TAXATION	£1,465.6m	£1,674.4m
EARNINGS PER SHARE	31.2p	36.0p

Proposed final dividend of 13.4p (1991 13.4p), making a total for the year of 20.0p, maintaining the 1991 level.



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## RECRUITMENT

## JOBS: Stupidities that bedevil organisations in defiance of the best knowledge on how to run them

**W**HY study stupidity? The Jobs column has lost count of how many times that question has been asked at it in the five weeks since it last mentioned the Laws of Organisational Stupidity.

The target of the challenges is not the laws themselves, as typified by Parkinson's First which states: Work expands to fill the time available. Everybody appears to be agreed that organisations the whole world over are bedevilled by problems that seem to fall into regularly recurring patterns.

What is under challenge is any claim that such things are a fitting subject for study in schools of management, which is a good many of the questioners think is somehow philosophically wrong.

They argue that to focus educational attention on the said idiocies would be to accentuate the negative, whereas the purpose of schools is positive. They exist to study wise practice, not the ignorant sort, and that applies to management schools no less than to any others.

Well, perhaps so if we make a certain assumption. It is that the ignorance leading to organisational stupidities amounts only to some people's failure to learn the knowledge that exists on how to avoid same, leaving them with a mental vacuum which could be filled with wisdom the schools possess. But I suspect the issue is really more complex, as depicted by the old Confucian jingle.

## A case of the worst sort of ignorance

*He who knows, and knows he knows, he is a wise man - seek him.  
He who knows, and knows not he knows, he is asleep - wake him.  
He who knows not, and knows he knows not, he is a child - teach him.  
But he who knows not, and knows not he knows not, he is a fool - shun him.*

To my mind, the ignorance giving rise to the idiocies is mainly the last cited variety, the kind that's ignorant even of the fact that it is ignorance. It is not the case that management schools are the jingle's wise men needing simply to awaken sleepers and teach children. The problems persist in spite of the best knowledge anyone has of how to set up and run organisations. Hence all of us, the schools included, are the jingle's fools, which makes its advice to "shun" them inapplicable. Unless we're to be bedevilled for ever, we have to break out of our purblind ignorance.

The only way to do that is to stop proudly confining our educational attention to what we do know, and start humbly marking out what we don't know. And the only way to achieve that is to study the observable consequences as exemplified by the laws. But before proceeding farther, in case anybody

here today was not in the congregation the last time they were mentioned, I had better again point out an important proviso about their character.

They aren't like the law of gravity in being inviolable. They both can be and sometimes are broken, for the most part beneficially. What each one describes is merely a regularity: a type of unplanned happening seemingly too frequent to arise purely by chance. In that sense they are akin to another set of laws that do get studied in management schools - the laws of economics. Moreover, I wouldn't mind betting that the laws of organisational stupidity are at least as reliable as predictors of real-life events.

Unfortunately, I haven't room to repeat all of the five I quoted last time. But since they included the first law formulated by the historian Professor Northcote Parkinson, who died in his 84th year on March 10, I will begin today's citations with his second.

In his wording of the 1960s, it states: *Expenditure rises to meet income.* But in the light of later history, that might be optimistic. My guess is that, if tested in practice, the rule would prove to be that expenditure rises to *overtake* income.

Whether or not that is so, the law is like the professor's first formulation

in applying to individuals' private lives as well as in organisations - which is not always the case with the laws of stupidity. But another which operates at both levels is called Winkler's Twist the laws' self-appointed codifier, by the British sociologist Jack Winkler. It states: *Routine events stimulate only when they fail to occur.*

One illustration of its working is provided by the old mechanical alarm clock, whose owner slept peacefully while it went on ticking away loudly, but woke up if it stopped. The selfsame principle nevertheless has numerous ill effects in organisations, even though they are usually overlooked.

Take for example incremental salary scales which, except for notional cost-of-living increases, tell employees what their pay is going to be for each of several years ahead. Since that reduces the future increments to routine events, Winkler's Twist rules that they cannot be motivating, or at least not in the positive sense as a reward. The only way to use the long-expected rises as a motivator is to refuse to pay them over, as a punishment.

Fairly similar in its workings is the law defined by my FT colleague, Sally

Selby. It too applies generally, albeit in social rather than individual activity, but has a more specific organisational form with wider bedevilling potential.

An instance of its general aspect is the game Chinese Whispers in which a message is given to the first of a line of people, who then each pass what they think they heard to the next. The usual effect is enshrined by the old tale of the front-line officer's attempt to get "Send reinforcements, we're going to advance" conveyed from mouth to mouth back to headquarters. It eventually arrived there as "Send three-and-fourpence, we're going to a dance."

But the organisational law, Selby's Scrambler, states specifically that *Myths about a chief's wishes multiply with each link in the chain of command.* The chilling implication, of course, is that even if the said chief doesn't intend to send any message in the first place, the law is still apt to do its evil work.

Witness the following incident reported by a big-company middle manager a while ago to the Harvard Business School's eminent Rosabeth Moss Kanter:

"There are courtiers around the top guys, telling them what they want to hear, flattering them. For example,

there was a luncheon with some board members. The vice-chairman mentioned that he was looking for a car for his daughter. A courtier thought: 'We'll take care of it'. He went down the line, and someone in purchasing had to spend half a day doing this. The guy who had to do it resented it, so he became antagonistic to the top.

"The vice-chairman had no idea this was going on, and if he had known, he would probably have stopped it. But you can't say anything at the top without having it be seen as an order. Even ambiguous remarks may get translated into action. At the top you have to figure out the impact of all your words in advance because an innocent expression can have a major effect."

The message of same is surely that senior executives need to do more than recall the experience of Gerald Ratner and keep their talents as entertaining speakers, no matter how great, firmly under check. It does not take careless talk to cost millions, and promising careers to boot. The sad fact is that top bosses cannot avoid the risk even by never saying anything at all.

For the Scrambler implies that, if there's any question important to lower ranks on which chiefs may be thought to have an opinion, then however carefully they refrain from expressing one, myths will rush in to fill the gap.

Michael Dixon



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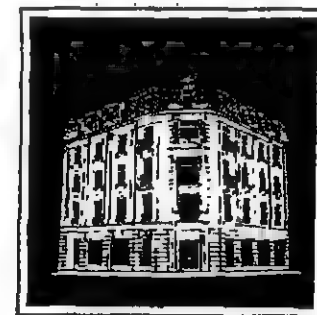
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Mme Béatrice Gilon  
Responsable du personnel  
Case postale - CH-1211 Genève 6

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Bank of Greece  
Attn. Mr. Theofanis Tzortzis  
21 El. Venizelou Ave.  
Gr 10250 Athens  
Greece

Fax: (301) 323 3461

All applications will be treated in strict confidence and acknowledged.

Suitable candidates will be shortlisted for interviews to be held in Athens.

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The European Organisation for the Safety of Air Navigation requires (m/f) for its Experimental Centre at Bretigny-sur-Orge (France)

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(Ref: AA/07/ET)

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Requirements: university degree in financial management or in economics or equivalent professional experience; aged between 30 and 45 years; good knowledge of French and English.

### ACCOUNTS - ASSISTANT

(Ref: BA/02/ET)

Tasks: the candidate will be responsible for monitoring the Centre's budget.

Requirements: higher secondary education or equivalent professional experience; aged between 25 and 40 years; good knowledge of French or English and a working knowledge of the other. Experience of financial procedures preferably in an International Agency.

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(Ref: BT/05/ET)

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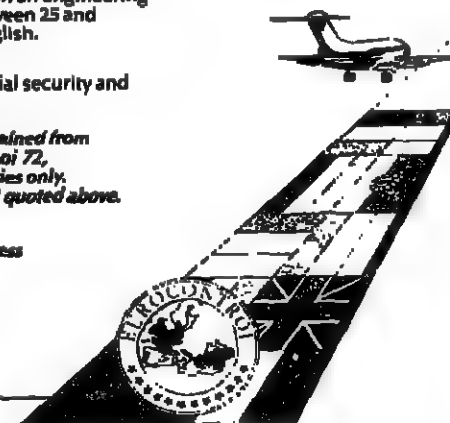
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مكتبة النجف



## ACCOUNTANCY COLUMN

# Profession opts for primacy of public interest

Andrew Colquhoun explains moves to define a regulatory body's future role in a fast-changing world

THE recent publication of the first ever mission statement from the Institute of Chartered Accountants in England and Wales highlights its primary commitment to the public interest above narrower members' interests.

Production of the statement, together with core objectives and policy priorities for the next 3-5 years, was the culmination of an 18-month debate about the Institute's future role.

This debate has obliged the Institute's council and the membership to remind themselves of the reasons why the Institute of India gave Royal Charters to private bodies like the Institute: as the best available means for serving the public interest in areas where government expertise was limited, rather than primarily to further the narrow self-interests of their members.

In the intervening period, and particularly in the last 20 years, the accountancy profession has grown dramatically in size and complexity. As a consequence, it is totally legitimate for observers to ask whether the Institute (and its fellow professional bodies) has the ability and the resources effectively to regulate multinational firms with global revenues in billions of dollars.

There is nothing predetermined which says the structures that served a social purpose in the regulation of accountancy in an earlier age are necessarily going to be relevant and effective in the last years of the twentieth century.

If members of professional bodies like the Institute are to retain their

rights and privileges that least to benefit from the market premium associated with being a chartered accountant, then they must ensure that the social radar of their body is tuned to pick up changes in public expectations and that effective policies follow promptly.

That is why in its planning framework document, the Institute's council has given primacy to the public interest. The council has explicitly restated a fundamental and enduring tenet: that it will not adopt or support policies that run counter to the public interest. But it also made an equally fundamental judgment: that there is a natural convergence over the longer term between the public interest and the interests of the Institute's membership as a whole.

The key phrases here are "over the longer term" and the "membership as a whole". In the short term, it is quite possible that the professional bodies should, and will, take decisions which have an adverse short-term impact on the commercial activities of some members. For example, the immediate effect of the tough ethical guidance on specialist valuations from the Chartered Accountants' Joint Ethics Committee (Cajec) will be to reduce the fee income of some firms.

But Cajec had analysed the issue critically, had consulted widely inside and outside the profession, and formulated its view accordingly. The three member bodies believed that this was a necessary step to take in order to strengthen the independence of the auditor, and thereby enhance the long-term reputation of the profession as a whole.

Some Institute members, particularly from small firms, have asked a different, but equally legitimate, question: "If the Institute is primarily motivated by long-term, public interest issues, how are the more immediate private interests of the members to be furthered?" Or to put the question more simply: "Can the regulator also represent and serve the members?"

In answer to this question, the council would argue that policies which serve the public also serve the members over the longer term. It would also distinguish between the locus for decisions. In certain areas, the Institute and its committees are the ultimate decision-makers. This applies to individual disciplinary and regulatory cases and at a corporate level to the formulation of disciplinary policy, ethical guidance and audit regulation.

In taking these decisions, it would be fundamentally wrong for the Institute to take anything other than an enlightened approach to the public interest. More to the point, it would be dangerous and unsustainable, because the government or the courts would either force self-interested decisions to be overturned or, ultimately, would strip the Institute of its decision-making powers.

In other areas, the Institute and the other professional bodies are not the final decision-makers, but have the ability to make representations to those who are. Here, for example, the decision-makers are the Department of Trade and Industry, the Accounting Standards Board, the tax authori-

ties, or the Securities and Investments Board.

It is an entirely proper role for professional bodies to bring the direct experience of their members to bear in the representations which it makes to those external decision-makers. Indeed, it would be strange, if not undesirable, if the views of the professions, as the greatest repositories of expertise in certain areas, were not expressed effectively.

In a pluralist society, those decision-makers will be exposed to a whole range of other views and will weigh them up accordingly. But the fact that the Institute has regulatory functions in certain areas does not mean it need pull its punches in representing its views on related issues.

Some members of the profession would then pose a further question: "If my Institute is also my regulator, how can I get help from it with an ethical or regulatory problem without the Institutes' Joint Monitoring Unit finding out and knocking on my door to inspect what I am doing?"

One could argue that these fears are exaggerated, that the unit does not work in that way, and that thousands of members are getting help of this sort from the Institute every year. Nevertheless, the concerns are real, and are being addressed. For example, we are setting up a small firm support service around the country to assist individual members who want to raise their professional standards or who face ethical dilemmas.

We are also reviewing the application of a new by-law which placed an obligation on members to report professional misconduct. The principle of

this requirement is sound, but needs to be applied with sensitivity if it is not to deter members facing ethical dilemmas from seeking the proper help. Underlying these examples is the judgment that it must be fully consistent with the Institute's mission to assist individual members who want to raise their professional standards or who face ethical dilemmas.

The Institute's planning framework has provided it with a powerful tool. It will assist in deciding how to allocate resources and in communicating with members. More important, it will help to provide an enduring discipline by which the Institute can ensure that all its important decisions have given the proper weight to the public interest, and thereby to the long-term reputation of the profession.

This will not be enough on its own. The process of greater openness which the council recently adopted for meetings should also help to convince observers that professional regulation is being effectively discharged by the Institute. A more sensitive set of early warning radar for changes in public expectations will also need to be spinning, for example for disciplinary policy.

Taken together with the reform agenda for audit, financial reporting and associated issues, these changes will help to ensure that the accountancy profession keeps pace with the changing needs, both of the broader community and of chartered accountants themselves, to the benefit of all.

Andrew Colquhoun is secretary and chief executive of the Institute of Chartered Accountants in England and Wales

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Rewards will be excellent in terms of prospects, package and working environment.

Please contact Nigel Jones on 071 553 0873 (day) or 081 595 1069 (evenings and weekends).

### Corporate Finance To £35,000 + Banking Benefits

How badly do you want to succeed? Our client, a top tier UK merchant bank seeks two talented entrepreneurial individuals to join their expanding highly successful corporate finance team.

This is an ideal first career move for people keen to demonstrate their commercial awareness in a fast moving environment where excellence is rewarded with early promotion and responsibility. You will be ACA or MBA qualified with an outstanding academic background (2:1 degree minimum) as well as being assertive and personable.

Fluency in one or more European languages is highly desirable but not essential.

Please contact Richard Pockley on 071 553 0873 (day) or 081 594 6764 (evenings and weekends). Write to 16-18 New Bridge Street, London EC4V 6AU. Fax 071 363 3988.

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## UK FINANCIAL CONTROLLER

To £50,000 + Car + Bens N.E. Home Counties

Forming part of a premier Fortune 500 Corporation, this highly autonomous division has quickly and effectively established itself without equal. Originally operating throughout North America it has experienced rapid growth in Europe.

To facilitate the continuing success of its operations and to ensure controlled expansion, a key requirement has been identified offering the opportunity to establish a vital function.

Reporting to the Vice President of International Operations and with a dotted line responsibility to the US based Corporate Controller, the UK Financial Controller will form part of a small, close knit high profile team and will spearhead a period of financial change.

Specific duties will include:

- Ensuring the timely and meaningful production of effective management information.
- Establishing developing and maintaining internal controls and procedures.
- Preparation and co-ordination of reporting packages to the Corporate Head Office on a monthly, quarterly and year end basis.
- Various ad hoc investigations and special assignments.

Candidate requirements are clear. A Chartered Accountant aged to 40, with a minimum of 5 years commercial experience, preferably gained within a dynamic organisation. Excellent interpersonal skills coupled with the ability to motivate and succeed within a performance driven environment are prerequisite.

Interested candidates should write to Jon Vonk enclosing a full Curriculum Vitae to the address below.

*Marks Sattin*

FINANCIAL RECRUITMENT

18 Hanover Street, London W1R 9HG.  
Tel: 071-408 1312 Fax: 071-355 4501

## GROUP MANAGEMENT ACCOUNTANT EUROPEAN MARKETING GROUP

CENTRAL LONDON

c £33,000 + CAR

Our client is a leading pan-European marketing services group. They have a turnover in excess of \$150M and a policy of cautious acquisitions and continuing profit improvement. Part of this process involves a planned reorganisation in late 1994.

In order to achieve these aims it is necessary to recruit a qualified accountant to work closely with the Group Finance Director and the Board.

Specifically your responsibilities will include:

- Production of consolidated, monthly management accounts
- Production of year end accounts

- Troubleshooting and ad hoc projects across Europe
- Providing the highest level of general financial support to both the operating companies and the Board.

The successful candidate will be a qualified ACA, having trained with one of the 'big 6', aged 24-30. In addition to excellent technical skills, you will also have experience of multi-currency consolidations. This could have been gained as part of a secondment to an audit client or in the head office of a large multinational. You will also have a high level of expertise with Lotus 123 spreadsheets.

Personal qualities must include a high level of self-

motivation and an ability to deliver results to tight timescales and when under pressure. A clear eye for detail is also necessary. A command of German whilst not essential, would be advantageous.

Long term prospects within the Group are excellent and this role may well develop into the Group Financial Controllership in the medium term.

In the first instance please call Ken Brotherton on 071-379 3333 or write to him enclosing your Curriculum Vitae at Robert Walters Associates, 25 Bedford Street, London WC2E 9HP. Fax 071-915 8714.

**ROBERT WALTERS ASSOCIATES**

LONDON WINDSOR BIRMINGHAM BRUSSELS AMSTERDAM PARIS

## Head of Finance

Birmingham c£60,000 + Executive Benefits

Our client, a significant organisation in the financial services sector, wishes to appoint a Head of Finance, with responsibility for the financial management of the business and the organisation of a team of finance staff. The effectiveness of the present management information systems will form a critical part of the role and is considered key to the future effectiveness of the finance function. Specific duties will include responsibility for the preparation of the monthly management accounts budgets and cashflow forecasts, ensuring effective budgetary control and cash management.

This demanding role requires a technically strong Chartered Accountant with sound IT skills and exceptional interpersonal qualities. Commitment, enthusiasm and an assertive, confident manner are necessary characteristics for success in this post. It is essential that the individual appointed has operated in a service sector environment, ideally for a professional partnership, and has the ability to operate at both a "hands on" and strategic level.

Our client is offering an excellent salary package, together with highly competitive employee benefits, to retain and reward the appointee.

Interested applicants, please write, quoting reference H/412/93, with full career and salary details, to Dariusz Mason

**KPMG Executive Selection**

Post House, 2 Cornhill Street, Birmingham B3 2DJ.

### APPOINTMENTS WANTED

#### CHALLENGING APPOINTMENT/ASSIGNMENTS

Sought by commercially minded Chartered Accountant and Company Director.

Particular knowledge of acquisitions and disposals, raising finance, manufacturing, commercial property, problem solving and turn-around situations in Midlands and London.

Please reply in confidence to Box: A4761, Financial Times, Southwark Bridge, London SE1 9HL

#### CHARTERED ACCOUNTANT WITH INTERNATIONAL EXPERIENCE

seeks new challenge in an international environment

Experienced financial controller within international manufacturing arena in Britain and Germany seeks new opportunity. Currently living in Germany but willing to relocate if required. Good knowledge of local environment. Fluent German, working knowledge of French and Spanish. Experienced in software introduction, international reporting. PC implementation.

Replies to Box A4882, Financial Times, One Southwark Bridge, London SE1 9HL

#### MIDLANDS BASED FCA (MID 40's) SEEKS CHALLENGING ROLE

Wide industrial experience at director level, particularly multi-site distribution and turn-around situations. Hands-on, committed team builder. Equity participation considered.

Please reply in confidence to:

Box A4777, Financial Times, One Southwark Bridge, London SE1 9HL

## BUSINESS ANALYST

Commercial Role: Major FMCG Company

Our Client is a world-leader in the international marketing and distribution of a range of household name branded goods. Their reputation is one for excellence both in the quality of their products and their employees.

From their corporate headquarters in Central London they monitor, control and direct commercial strategy for their businesses world-wide.

They now seek to recruit a Business Analyst who will report to the Financial Controller. Working as part of a high profile team, responsibilities will embrace the provision and analysis of management and business information including budgetary control and competitor analysis and ad-hoc projects as required. Candidates ideally aged under 30, will be qualified Accountants with 2 years' POE, preferably gained within a large FMCG organisation. Personal attributes will include self confidence, well developed communication skills and commitment to achieving results of the highest quality.

Please apply directly to Collette Harrison at Robert Half Walters House, 418 The Strand, London WC2R 0PT or telephone 071-436 3945. Alternatively, fax your details on 071-436 4942

Central London

To £35,000 + Car

**ROBERT HALF**  
THE HUMAN FACTOR



## FINANCE DIRECTOR/ COMPANY SECRETARY

Lodge Care have over 20 years experience in the care of the elderly, operating 14 care homes on the southcoast and in central England. Turnover in excess of 7 million with a payroll in excess of 550.

We require an experienced, dynamic fully computer conversant, Chartered Accountant to head up the accounting division at our Head Office based in Shoreham by Sea.

Salary in excess of 30K, together with benefits package and company car.

Applications should be made in writing enclosing full Curriculum Vitae to the Managing Director, Lodge Care, Pond Road, Shoreham by Sea, West Sussex, BN43 5WU.



Lodge Care are working towards being an Equal Opportunities Employer

## Inchcape

This £5 billion turnover international services and marketing organisation operating in 80 countries has recently reported outstanding sales and profit growth. The services businesses which consist of Inchcape's Insurance, Shipping, Buying and Testing companies are amongst the world leaders in their fields.

Reporting to the Group Audit Director this newly created senior position will have responsibility for reviewing the Western Hemisphere activities of the service stream businesses in the UK, continental Europe and North America. Prior experience of recruiting, managing and motivating a

## REGIONAL AUDIT MANAGER SERVICES BUSINESS

ACA/FCA

c £45,000 + EXCELLENT BENEFITS

team of professional staff would be advantageous.

The successful candidate must possess a thorough knowledge of the insurance broking industry preferably with an international perspective. As a chartered accountant, ideally aged over 30, you will possess strong financial accounting skills and experience of conducting due diligence and post acquisition reviews. Strong analysis and programme evaluation skills are essential. In addition, the individual must be able to command the respect of Divisional Finance Directors and audit team members in the field.

The global spread of activities will require this individual to

undertake a considerable degree of international travel. Knowledge of an additional European language would be desirable as would prior exposure to conducting business within the United States.

The Group's strategy of continued organic growth along with planned acquisitions ensures that opportunities for promotion to senior line management positions will continue to occur.

Interested applicants should telephone Richard Parnell on 071-379 3333 (fax 071-915 8714) or write enclosing brief details to Robert Walters Associates, 25 Bedford Street, London WC2E 9HP.

ROBERT WALTERS ASSOCIATES

LONDON WINDSOR BIRMINGHAM BRISBANE AMSTERDAM PARIS

## Finance Director

Central London c £60,000 + Car + Bonus + Options

Our client is an entrepreneurial, £40 million turnover, international group of manufacturing, marketing and distribution companies, operating in niche consumer and media sectors. The company's record of substantial profits growth provides a strong platform for flotation in 1994.

The Finance Director will be responsible for financial management, systems development, international tax and treasury, ensuring that comprehensive control and reporting procedures exist in all areas of the business. A key short term issue will be to establish strong relationships with institutional investors and commercial banks in preparation for introduction to the Stock Market. As a member of a small executive team, the primary requirement will be to contribute to the group's overall commercial strategy.

maximising the potential for future global expansion both before and after flotation.

Candidates, aged up to 40, should be Chartered Accountants with broadly based experience gained at executive level in an international, marketing led manufacturing/distribution business. Excellent communication skills and the ability to work at both detailed and strategic levels, combined with drive, commitment and self-motivation, will be essential characteristics.

Interested applicants should forward a comprehensive curriculum vitae, quoting ref: 6043, to Mark Hurley ACMA or Alan Dickinson FCMA, Executive Division, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.

Michael Page Finance

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## FINANCE DIRECTOR Securities trading

City c. £55,000 + banking benefits

A successful securities trading subsidiary of an international banking group seeks a Finance Director. The company is at a key stage in its development. Many new ventures need to be managed and the Finance Director will be expected to make a significant input.

Reporting to the Managing Director, and assisted by a small team, the Finance Director must possess the ability both to take a strategic view and act in a hands-on capacity. The emphasis will be on the ability to find innovative solutions to business problems as they arise.

Candidates should be graduate Chartered Accountants in their thirties, computer literate and with existing experience of the securities industry. Knowledge of derivative products would be a distinct advantage.

Please send your CV, including current remuneration and day-time telephone number, quoting reference 3306, to Graham Perkins, Touche Ross Executive Selection at the address below.

Touche  
Ross

MANAGEMENT CONSULTANTS

1st Floor, Hill House, 1 Little New Street,  
London EC4A 3TR. Telephone: 071 936 3000.

## PLANNING & CONTROL MANAGER

Our client has a clear, well focused strategy for growth, and intends to maintain or increase its market share within all areas of its international operation.

Already a market leader, through a combination of significant capital investment and selected acquisitions, it now seeks to further strengthen its management team by appointing an individual who will have a broad based project role, linking across and supporting several areas of Group and operational finance.

Reporting to the Deputy Group Financial Controller and working closely alongside other finance line managers, your main responsibilities will include:

- Establishing the "strategic" planning process throughout the Group
- Establishing financial control policies and disciplines
- Maintaining, developing and enhancing the Group Financial Planning Model
- Improving the management accounting information process from the subsidiaries to the Group

Suitable candidates will be graduates and qualified accountants, with an excellent record of achievement both academically and in their career to date.

Most likely aged 28-32, you must possess the confidence to be able to work with a substantial degree of autonomy, whilst integrating well within the existing team.

The ability to build trust and respect in a changing and challenging environment is essential.

Individuals who feel they are capable of fulfilling the above criteria should send their CV, together with details of their current salary, to Shirley Knight BA MBA ACMA at FMS, 5 Bream's Buildings, Chancery Lane, London EC4A 1DY.

CENTRAL  
LONDON

£40 - 45,000  
PLUS CAR  
ALLOWANCE

## OUTSTANDING OPPORTUNITIES IN CORPORATE FINANCE FAST-TRACK ACA'S AT ALL LEVELS

FMS are privileged to count amongst their clients a number of highly regarded City based Banks, Investment Houses and Stockbrokers. We have been briefed by a number of these regarding their current requirements in the area of Corporate Finance, and are keen to talk to dynamic, commercially minded individuals who meet all the following criteria:

- Recently qualified ACA's with 1st class passes from a Top 6 firm; you will be a graduate (21 or above) with up to 2 years' strong business acumen, excellent presentation skills and a positive creditable presence. Candidates with language skills are particularly encouraged to call us. Excellent training and promotional prospects will be available to individuals who succeed in these initial positions.
- At a more senior level our clients also have a keen interest in individuals with 5 years plus corporate experience obtained within industrial and/or commercial sectors. This represents a unique opportunity for the more senior individual to broaden his/her experience of corporate finance in the City. Candidates entering at this level can expect Director/Assistant Director status and a salary and benefits package that reflects this.

Interested individuals meeting these criteria should contact Fiona Keil on 071-405 4161 or write to her at FMS, 5 Bream's Buildings, Chancery Lane, London EC4A 1DY, enclosing a recent CV and a note of current salary.

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£28-35,000  
PLUS CITY  
BENEFITS

£35-55,000  
PLUS CITY  
BENEFITS

M3 CORRIDOR

c £50,000 + PARTICIPATION  
+ SUBSTANTIAL EXECUTIVE BENEFITS

## Group Finance Director

For this rapidly expanding and successful organisation which has firmly established a worldwide reputation as a leading supplier of advanced instrumentation and inspection systems to the food and pharmaceutical sectors. Established over 20 years, this independent Group, which has a number of overseas operations, is well positioned to secure the planned expansion from its current turnover of \$15 million, the majority of which has been achieved outside the UK.

As Finance Director, you will play a leading operational and strategic role in the development and advancement of the business whilst retaining "hands on" responsibility for the financial management of the Group. Tight financial control will continue to be a key issue, as will the provision of timely and relevant information to manage and plan the commercial success of the operations.

A graduate, qualified Chartered Accountant, probably in the age range 40-45, you must be a results and profits oriented.

Individual and be able to demonstrate well developed treasury management, commercial and administrative skills in addition to sound technical abilities. Relevant previous experience, ideally gained in an international high technology organisation, is important, as is exposure to the smaller company environment. Initiative, drive and enthusiasm are essential, in addition to the professionalism and interpersonal skills necessary to succeed in this dynamic and entrepreneurial organisation.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to Adrian Edgell, Coopers & Lybrand Executive Resourcing Limited, 9 Greyfriars Road, Reading RG1 1JG, quoting reference AE871 on both envelope and letter.

Coopers & Lybrand Executive Resourcing

## DIVISIONAL FINANCE AND SYSTEMS DIRECTOR

MIDLANDS • To \$45K + Car + Bonus

Our client is a highly acquisitive and profitable international plc who are market leaders in their field. The group has established a strong European presence and has significant plans for further international expansion.

As part of this planned growth, they now seek to appoint a Finance Director for a newly-formed Division. Working alongside the Managing Director, you will be a key contributor in the continued development and success of this division. The position will involve considerable commercial input with responsibility for financial reporting and systems development.

Aged 30 - 40, you will be a Graduate Qualified Accountant with a proven and successful track record in Manufacturing/Engineering and previous experience of European Business Cultures. As a strong Team Leader/Player with excellent communication skills, you must have a thorough understanding of computerised business and costing systems and be fluent in French and/or German.

Future prospects are excellent. Interested candidates should forward a full cv to: Warwick Holland at Michael Warwick Group, Water Court, 10b St Paul's Square, Birmingham B3 1QU.

Tel: 021 233 9303, Fax: 021 233 0855

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مكتبة النجف



## Taxation Manager

Package to £50,000 + car

Colonial Mutual is a successful company specialising in life assurance, pensions and unit linked products, has funds under management of over £1.5 bn and employs some 2000 people in the UK.

We are seeking a Taxation Manager to take responsibility for all our taxation affairs, including Corporation Tax, VAT and the various aspects of personal taxation and NI.

The successful candidate will:

- Be an experienced tax specialist with a minimum of five years post qualification experience, ideally though not necessarily gained within the Life Insurance sector
- Have excellent communication, presentation and negotiation skills, able to deal with management at senior levels and relevant external bodies.
- Be an achiever.

The post will be based in Chatham Maritime, Kent. Relocation expenses will be paid where necessary.

Please send your CV, stating how you match our requirements to: Ian Jolly, Personnel Manager at the address below.



COLONIAL MUTUAL GROUP

Colonial Mutual House Chatham Maritime Kent ME4 4YV 0634 89000

## EUROPEAN TAX MANAGER

£EXCELLENT + CAR

LONDON

This international company has operations in over 70 countries worldwide. It has experienced considerable growth and is in a strong position to exploit its market position in the coming years. The increasing complexity of its activities has resulted in the need to recruit a European Tax Manager.

Reporting to the Group Taxation Director, the position will encompass the following areas:

- Provide tax advice to specific areas of the group including the Treasury funding activities
- Review and oversee the arrangements, transactions and compliance of the holding companies in

conjunction with local tax advisors

- Conduct transfer pricing reviews and monitor worldwide tax rates

The successful candidate will be:-

- An experienced international tax specialist with a minimum of five years' relevant experience gained within a firm of professional tax advisors or commercial organisation
- Aged between 28 and 35 with excellent communication skills and the confidence and ability to deal with management at senior levels
- Fluent in at least 2 European languages

ROBERT WALTERS ASSOCIATES

For the successful appointee an excellent salary and executive benefits package will be provided together with relocation assistance where relevant.

Applications are invited from candidates throughout Europe and interviews will be conducted locally where necessary.

To discuss this exceptional opportunity further, contact Graham King in London on 071-379 3333 (evenings and weekends on 071-226 4557) or write to him enclosing a detailed CV at Robert Walters Associates, 25 Bedford Street, London WC2E 9HP. Fax: 071-915 8714.

## INVESTIGATION ACCOUNTANTS

8 Month Contracts

c. £24,000 + Mileage Allowance

Solicitors Complaints Bureau, part of The Law Society, is the regulatory body for Solicitors throughout England and Wales. The Investigation Accountants' Team is responsible for investigation of Solicitors' books of account.

A decision to strengthen the team has led to a number of temporary posts offering mature and experienced Accountants an opportunity to hold an important position within a varied and fast-moving environment. In certain circumstances, temporary contracts may be extended.

At least part-qualified, candidates must have professional audit experience gained within an accounting firm, an enquiring mind and good communication skills. Candidates must be able to handle pressure with a calm approach and a sense of humour and be prepared to travel extensively throughout England and Wales, with periodic attendance at head office in Leamington Spa.

In addition to a competitive salary, temporary staff will receive a mileage allowance.

Application forms are available from Sarah Bradley, Personnel Assistant, The Solicitors Complaints Bureau, 8 Dorset Place, Leamington Spa, Warwick CV32 5AE. Telephone: 0826 822089. Closing date for return of applications is 29th April 1993. All applications will be acknowledged within seven days of this date. Interviews will be held on 7th May 1993.

The Law Society is striving to be an equal opportunities employer, and welcomes applications from all sections of the community, irrespective of sex, race, colour, sexuality or disability.

SOLICITORS COMPLAINTS BUREAU

## LEISURE GROUP FINANCE DIRECTOR

WILTSHIRE

£40,000 PLUS CAR AND OTHER BENEFITS

JPI Group is a profitable, rapidly expanding Group of companies in the leisure sector with a market leading brand name as Watermark. Organic growth has generated a need for a new Finance Director to join the existing finance team. Reporting to the Group Chief Executive, the position will involve the supervision of the Accounts Department as well as dealing with a large number of other financial and commercial issues.

The successful candidate will be an energetic and ambitious Chartered Accountant with several years post qualification experience in industry and first hand knowledge and understanding of the workings of the City. This person is likely to be under the age of 45, given the age profile of the current executive team. Candidates should apply in writing enclosing a full CV to:

Huw Watson, Commercial Director,  
JPI Group Limited, Brinkworth,  
Nr Chippenham, Wiltshire SN15 5DP



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CHARTERED ACCOUNTANTS

The Positive Alternative

## Do you wish to use your professional expertise to help others to achieve?

The Joint Monitoring Unit, of the three Institutes of Chartered Accountants, is seeking an additional 4 inspectors to visit firms within central and greater London. Although the JMU's primary duty is to monitor for compliance with the Audit and/or Investment Business regulations, its mission has been extended to one of providing positive, constructive and professional support.

JMU inspectors work from home and are organised into 4 regional teams covering the whole of UK and Eire. Inspectors report to their Regional Controller and are provided with cars and in-depth training. The JMU is an equal opportunities employer and although the posts are full time, additional leave can be provided to assist those with family commitments.

Each inspector is likely to visit at least 50 different firms each year which provides a wide variety of work. The commitment required is high, but has a correspondingly high level of satisfaction because an inspector has direct involvement in influencing the standards of the profession.

- If you:
- are a UK Chartered Accountant
  - are interested in the standards of members of your profession
  - have held a senior position which involved dealing with people in small as well as larger organisations, and
  - have had experience of quality control, quality assurance or internal audit
- then why not apply to join the JMU. Current starting salaries are £36,000 to £39,000, with increases based on performance. The JMU policy is to promote members of its staff in preference to external recruiting.

Write for an application form to:

Jo Holden FCA, Head of JMU  
3 Moorgate Place, London EC2R 6EA

## CHIEF ACCOUNTANT

Insurance Company - South East to £50,000 + car

Our client has an enviable reputation for providing the highest quality insurance services both nationally and internationally, covering a broad range of industry and commerce.

A recent re-organisation has created an exciting opportunity for a qualified Accountant to run a large, established accounting team. Reporting to the Director of Finance, you will be expected to contribute at both the strategic and operational level.

Ideally you will be of graduate calibre and have significant insurance accounting experience, including a thorough understanding of US accounting principles. A proven track record of influencing business policy within a management team and accomplished management skills are also key.

In addition to the highly competitive salary, our client offers the normal range of benefits associated with a position of this seniority.

If you feel you could bring the right blend of skills and abilities to this high profile role, please send a detailed CV and covering letter to: Andrew Millhouse, Director, (Ref 6072), The Scott Edgar Advertising Partnership Ltd, Paragon House, 75 Farringdon Road, London EC1M 3JY.

Please state clearly any companies to whom you do not wish your details forwarded.

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### HEAD OF FINANCIAL SYSTEMS & PROCEDURES

c.£25K p.a. (tax free)

Reporting to the Assistant General Manager (Finance), you will manage a small, specialist department and be responsible for providing professional accounting support, financial systems co-ordination and maintaining procedure manuals within the finance division.

Candidates must be qualified Accountants with recent significant experience of using international standard financial software packages in a large company environment. Implementation of such packages and/or a relevant audit background would be advantageous.

Our client is currently in the process of replacing its financial systems and the successful applicant will play a principal role in co-ordinating the implementation of the new systems.

This is a senior management position with an attractive salary, two year renewable contract, free furnished accommodation, 48 days' paid leave per annum, air passage for dependent family members, and many other benefits.

Applications containing CV, with passport photo and current salary, should be sent to our consultants -

Moxon Dolphin Kerby International, 178-202 Great Portland Street, London W1N 6JW, Fax: (071) 636 3592. Please quote Ref: 3519.

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Andrew Skarzynski on 071-407 5754

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Tricia Strong on 071-407 5634

Philip Wrigley on 071-873 4006

## ACCOUNTING EXPERT

at the Ministry of Finance,  
Government of Poland  
Department of Accountancy  
(Contracting Authority)

financed under the EC PHARE Financial Sector Development Programme

### TASKS

The advisor will provide assistance and advice in the following main areas:

- Preparation of Accountancy Legislation
- Preparation of guidelines on specialist accounting subjects, including consolidated financial statements, inflation accounting and investments
- Preparation of guidelines on all major aspects of cost and management accounting
- Preparation of guidelines for public service accounting
- Preparation of guidelines for the external and internal audit of enterprises
- Building the capacity of the Accounting Department through human resources development

### QUALIFICATIONS

The advisor must possess (or have ready access to) an excellent knowledge and experience of the following:

- The accounting and tax requirements and practices in the EC member states
- The accounting standards applied in EC member states, the International Accounting Standards (IAS) and the EC Fourth Directive (and subsequent updates)
- Specialist technical accounting matters, as consolidated financial statements and inflation accounting; cost and management accounting; public service accounting
- International auditing standards
- The training and development of accountants and auditors.

Fluency in the Polish language will be an additional asset.

The contract is for one year with the possibility of renewal.

Please write enclosing a full C.V. quoting reference P 9108-S, to Dr Waldemar Maj, President of the Foundation for the Development of the Financial Sector (Executing Agency), Ministry of Finance, ul. Swietokrzyska 12, 00-916 Warsaw, Poland.

HM Customs & Excise

## An Influential Role in Managing Change

Two Appointments - Liverpool and Manchester c.£24,000 - £26,500

A new era is dawning at HM Customs and Excise. European de-regulation and the Government's 'Competing for Quality' initiative are just two of the factors contributing to an exciting period of development and change.

The finance team will naturally play a key role and we are seeking to recruit professionals who can provide a fresh commercial perspective and place additional financial expertise at our disposal. Initial appointments will be for 18 months or 2 years and we are looking for:

### Accountant - Market Test Support - Liverpool

Various operations within HM Customs and Excise are tendering against external competitors to provide services. Your role will be to co-ordinate bid activity and provide expertise and support to in-house bidders. Experience of budgeting and costing will be essential.

### Operations Accountant - Manchester

You will be involved in interpreting corporate accounts, preparing and presenting accountancy seminars and providing guidance and support to collection teams. This is a key role and challenging position which offers the opportunity to substantially affect HM Customs and Excise revenues.

For both posts we are seeking qualified accountants. You'll need strong interpersonal skills, coupled with well disciplined financial and management accounting techniques.

To apply for these professionally and personally rewarding positions, please contact Paul Goodman on 071-336 7711 (evenings/weekends 081-445 0666), or write for further details and an application form to GMS, 2 Bath Street, London EC4V 9DX. Please enclose your CV if you have one prepared.

HM Customs and Excise is an Equal Opportunities Employer. Applications are welcome from all sections of the community, regardless of gender, religion, ethnic background or disability.

HM Customs & Excise













Notes	Price	High
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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Notes	Price	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601
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<b>Ballance Bell Bros. Ltd. (160099)</b> Performance: Toronto, Windsor, Ont. Volume (M) 250.4 250.4 250.4 Sales (M) 188.8 188.8 188.8 Profit (M) 24.2 24.2 24.2	<b>Black Angus Meats (160099)</b> Performance: Toronto, Windsor, Ont. Volume (M) 250.4 250.4 250.4 Sales (M) 188.8 188.8 188.8 Profit (M) 24.2 24.2 24.2	<b>Shaw's (160099)</b> Performance: Toronto, Windsor, Ont. Volume (M) 250.4 250.4 250.4 Sales (M) 188.8 188.8 188.8 Profit (M) 24.2 24.2 24.2	<b>Shaw's (160099)</b> Performance: Toronto, Windsor, Ont. Volume (M) 250.4 250.4 250.4 Sales (M) 188.8 188.8 188.8 Profit (M) 24.2 24.2 24.2
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**FT MANAGED FUNDS SERVICE**[illegible]



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**FT MANAGED FUNDS SERVICE**

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 873 4378.

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## FOREIGN EXCHANGES

## Yen recaptures lost ground

THE YEN yesterday recaptured some of the ground it had lost to the US dollar on Wednesday amid signs that US officials would still like to see the yen strengthen to reduce the Japanese trade surplus, writes James Blitz.

Earlier in the week, the announcement of a ¥13,200bn fiscal package to stimulate the Japanese economy appeared to have brought the upward march of the yen to a halt. In Thursday's Tokyo trading, the dollar strengthened against the Japanese currency, and at one stage, was even testing the ¥114 level, having hit a new record low of ¥112.58 on Monday.

The situation changed in yesterday's European trading, however, as more detail became known about the US response to the fiscal package. There was a strong focus on a report in the Washington Post newspaper, suggesting that Mr. Kichii Miyazawa, the Japanese prime minister, might signal that Japan is prepared to let the yen rise following his meeting with President Bill Clinton today.

This helped the yen back up to a London close last night of ¥113.20 to the dollar, from a previous ¥113.96. The yen was

also stronger against the D-Mark, however, closing at ¥70.62 from a previous ¥71.86. Trading inside the European exchange rate mechanism was calm, in spite of what seemed rather hawkish comments from Mr. Helmut Schlesinger, the Bundesbank president.

Mr. Schlesinger said that, if higher interest rates could not help relieve pressure on weaker ERM currencies, the only solution would be for them to devalue. He was also reported as saying that the Bundesbank would continue to lower its interest rates gradually.

The comments had little impact on ERM currencies. There were rumours that the Bundesbank had announced a press conference to follow next Thursday's council meeting, but a Bundesbank spokesman said there were no such plans. The French franc closed a fraction stronger at FFf3.378 to the D-Mark from a previous DM1.5915.

The dollar perked up against the D-Mark, helped by short-covering of the US currency following the recent sell-off. The weekly jobsless figure was dollar positive, falling to 335,000 from a previous 375,000. The dollar closed at DM1.6025 from a previous DM1.5915.

## EMS EUROPEAN CURRENCY UNIT RATES

Currency	Unit	Rate	% Change	Unit	Rate	% Change
Italian Lira	1,000	2036.27	-0.10	Spanish Peseta	166.64	-0.10
French Franc	100	65.48	-0.10	Portuguese Escudo	200.48	-0.10
German Mark	100	1.936	-0.10	Dutch Guilder	3.7603	-0.10
British Pound	100	163.26	-0.10	Irish Punt	7.8756	-0.10

Two central banks by the European Commission. Creditors are in descending order of value. Percentage changes are for the last 24 hours. The actual percentage change is shown in parentheses. The actual percentage change is shown in parentheses. The actual percentage change is shown in parentheses.

## STERLING INDEX

Index	Value	% Change
1000	100.00	0.00
1000	100.00	0.00
1000	100.00	0.00
1000	100.00	0.00

## CURRENCY RATES

Currency	Rate	% Change
US Dollar	1.5415	-0.10
Japanese Yen	113.20	+0.10
German Mark	1.6025	-0.10
French Franc	65.48	-0.10

## CURRENCY MOVEMENTS

Currency	Rate	% Change
US Dollar	1.5415	-0.10
Japanese Yen	113.20	+0.10
German Mark	1.6025	-0.10
French Franc	65.48	-0.10

## EURO-CURRENCY INTEREST RATES

Currency	Rate	% Change
US Dollar	1.5415	-0.10
Japanese Yen	113.20	+0.10
German Mark	1.6025	-0.10
French Franc	65.48	-0.10

## EXCHANGE CROSS RATES

Currency	Rate	% Change
US Dollar	1.5415	-0.10
Japanese Yen	113.20	+0.10
German Mark	1.6025	-0.10
French Franc	65.48	-0.10

## MONEY MARKETS

## Day out for rate bears

SHORT-DATED sterling futures fell again yesterday as dealers took the view that another cut in UK base rates was increasingly unlikely, writes James Blitz.

There was no concrete news to make the sterling market so modest in its view of rate cuts yesterday. But this week's raft of good economic indicators has robbed the cash and money markets of their speculative edge.

UK clearing bank lending rate 6 per cent from January 26, 1993.

Although sterling futures dealers had a relatively quiet morning, there was a sharp sell-off in the front-month contracts at 2 p.m.

The June contract fell 6 basis points on the day to a close of 94.06, while the September contract fell 7 basis points to close at 94.15. At this level, the market is predicting that 3-month sterling cash rates will be at 5.5 per cent by the autumn, and that they will go no lower.

There was an equally downbeat view in the interbank market, partly influenced by a huge shortage of £3.5bn forecast by the Bank of England.

Three-month money closed a touch firmer at 5 1/2 per cent from a previous 5 1/8 per cent.

## FT LONDON INTERBANK FDRING

Rate	Value
11.00	11.00

## MONEY RATES

Rate	Value
11.00	11.00

## LONDON MONEY RATES

Rate	Value
11.00	11.00

## TREASURY BILLS

Rate	Value
11.00	11.00

## TREASURY NOTES

Rate	Value
11.00	11.00

## TREASURY BONDS

Rate	Value
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## TREASURY STRIPS

Rate	Value
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## TREASURY FUNDING

Rate	Value
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## TREASURY DEBT

Rate	Value
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## TREASURY SECURITIES

Rate	Value
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## TREASURY FINANCIALS

Rate	Value
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## TREASURY OPERATIONS

Rate	Value
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## TREASURY SERVICES

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## TREASURY TRAINING

Rate	Value
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## TREASURY TECHNOLOGY

Rate	Value
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## TREASURY TRENDS

Rate	Value
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## TREASURY TOOLS

Rate	Value
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## FINANCIAL FUTURES AND OPTIONS

## LIFE LONG LIFE FUTURES OPTIONS

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## MONEY MARKET FUNDS

## Money Market Trust Funds

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## Money Market Bank Accounts

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## Money Market Bank Accounts







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**NASDAQ NATIONAL MARKET**[illegible]



